THE EXCHANGE OF BRAZIL

BM&FBOVESPA
The New Exchange

ANNUAL REPORT
2012

Arminio Fraga
Chairman of the Board,
BM&FBOVESPA

Message from the Board of Directors 1.1

Seeds

Brazil has worked hard to modernize in the past 20 years. But the income of our population is still only 20% of the USA's in terms of per capita GDP. So there is plenty of room for growth. However, we will not be able to achieve our potential without investing more and better, without high-quality education and without an efficient state.

Education is a somewhat frustrating area for those who seek rapid results. Educated children take several years to reach the labor market. On the other hand, it is encouraging that the need to prioritize education has begun to win hearts and minds in Brazil. In particular, education is now a priority for families, who should be the first to demand better results from schools and the state. Without an improvement in education we will not be able to solve the present crisis in the labor market, which derives from a lack of skilled labor in many sectors and not from a lack of jobs.

Labor and capital are complementary. Without better qualified labor to engage in production, which also requires more capital, we will not achieve our growth potential.

In this respect we are also marking time, since investment is not taking off. Brazil has been flirting, above all since 2008, with a model that ran out of steam in the 1970s, based on government intervention via state-owned enterprises, targeted and subsidized credit, less economic opening, and protection for specific industries.

Consuming was a natural urge for the less well-off and leveraging credit is also entirely natural, within certain limits. But this must be accompanied by the supply side. Consumption alone is not the solution. Investment is also essential.

Thus to stimulate capital we should resume the reform agenda begun in the 1990s, which produced not only monetary stabilization with the Real Plan but also advances in pensions and social security, fiscal policy, privatization, economic opening, extension of the social safety network and regulation of the financial and corporate system.

While I was a government official in the early 2000s I had the opportunity to help sow the seeds of some of these initiatives, among them the launch of the new Brazilian Payment System (SPB), and Novo Mercado in partnership with what was then Bovespa. In both these areas Brazil has become a global reference and is reaping an excellent harvest.

Érico Veríssimo wrote that happiness is the certainty you have not wasted your life. Thanks to one of life's generosities I celebrated the new SPB's and Novo Mercado's first decade of success while serving as Chairman of BM&FBOVESPA's Board of Directors, a position I am now leaving. These reforms will continue to benefit Brazil a great deal and unequivocally demonstrate that the private sector and the Brazilian Exchange are prepared to assume their responsibility in building a better nation for our children.

Arminio Fraga
Chairman of the Board, BM&FBOVESPA

Edemir Pinto
Chief Executive Officer,
BM&FBOVESPA

Message from the CEO 1.1

An exchange for families and companies

In 2012 BM&FBOVESPA continued to focus on executing its strategy of growing and diversifying revenue with the aim of pursuing operational excellence. This is our permanent motto and the main driver of the Exchange's culture, which motivates us to overcome the difficulties and barriers to growth for Brazil's financial and capital markets. Much still remains to be done. The challenges are huge. Our people's and companies' potential is our energy.

We made progress with the construction of our new technology platform, which will give the Brazilian Exchange state-of-the art trading capacity and technology as the global business environment improves and the Brazilian economy recovers.

The Exchange has been preparing enthusiastically to capture and multiply opportunities in the Brazilian capital markets in the context of lower interest rates and diversification of financial investment by families. It has done so both by investing in infrastructure and market integrity, and by developing new products and ever-closer relationships with market participants, to whom it will offer a complete platform for their investment and risk mitigation strategies.

The company expanded its product offering, adding new exchange-traded funds (ETFs), for example, and increased liquidity by introducing a successful market maker program for options, among other initiatives. The start of trading in the S&P 500 futures contract in October 2012 marked a milestone in the relationship with our global strategic partner, CME Group. This was the first derivative referenced to a US stock index to trade on the Brazilian Exchange, facilitating local investors' access to one of the most important indexes in the United States. Also in the context of this strategic partnership, US dollar-denominated Ibovespa futures contracts began trading on CME Group in October.

International and local recognition of these advances came in the form of several awards. For the second consecutive year the company won the Exchanges and Brokers World Finance Award for the Best Sustainable Stock Exchange in Latin America from World Finance, a leading financial magazine produced in London. In the field of sustainability BM&FBOVESPA reaffirmed its participation in initiatives such as the United Nations Global Compact.

BM&FBOVESPA's transparency and efficiency were recognized for the fourth consecutive year by the Transparency Trophy in the category Public Companies (with annual revenue of up to R$5 billion), awarded by Anefac, Fipecafi and Serasa Experian. In addition, for the third consecutive year BM&FBOVESPA was considered the Best Company for Shareholders in the category Corporate Governance by Capital Aberto magazine.

In 2012 our institutional commitment to Brazil motivated us to begin undertaking studies to encourage more Brazilian companies to hold stock offerings, even if the amounts involved are relatively small. The outcome will be an ambitious program comprising initiatives on several fronts ranging from operational aspects of offerings to investor education, so that the Brazilian Exchange can be the platform for corporate growth and contribute to an expansion of investment in the economy.

Edemir Pinto
Chief Executive Officer, BM&FBOVESPA

BM&F BOVESPA
The New Exchange

ANNUAL REPORT
2012

Sumário

1. PROFILE [2.7|2.8]

BM&FBOVESPA continues to innovate technologically

Upgrades and global benchmark

BM&FBOVESPA – Bolsa de Valores, Mercadorias e Futuros S.A. is one of the world's largest exchanges and the leading exchange in Latin America.

BM&FBOVESPA is a public company. Its stock trades under ticker symbol BVMF3 on the Novo Mercado segment, a special listing segment for companies committed to best practice in corporate governance. BVMF3 is also tracked by the Ibovespa, IBrX-50, IBrX and ITAG indexes. [2.6]

Headquartered in the city of São Paulo, BM&FBOVESPA has expanded its representative offices in the United States (New York), United Kingdom (London) and China (Shanghai) to support local market participants and prospect for potential investors. [2.4|2.5]

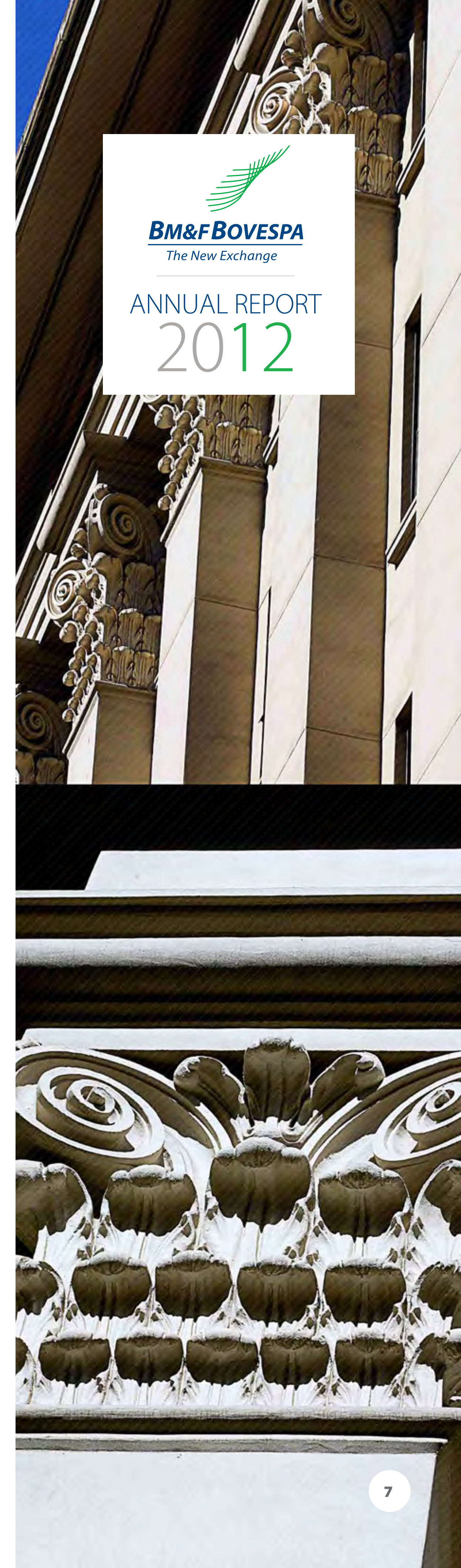
Exchange and over-the-counter (OTC) markets [2.2|2.3]

With operations in derivatives (BM&F segment) and securities (Bovespa segment), the company specializes in developing, implementing and providing systems for the trading of stocks, corporate and government bonds, financial derivatives, agricultural commodities and spot foreign exchange, among others.

BM&FBOVESPA offers the market a diversified and technologically advanced portfolio of products and services as well as acting as a central securities depository, managing securities lending transactions, publishing price quotations, producing indexes and developing software.

Its clearinghouses perform registration, clearing, settlement and risk management activities in full integration with BM&FBOVESPA Settlement Bank. Thus BM&FBOVESPA acts as central counterparty for all transactions in its derivatives, equity and fixed-income markets, including cash and forward trades, options, futures, and securities lending.

The company's internationalization strategy to expand market access is implemented via a partnership with CME Group and dialogue with exchanges in Asia and other Latin American countries.



The company also has its own highly esteemed market surveillance arm, BM&FBOVESPA Market Supervision, which impartially assures compliance with the applicable legislation, rules and regulations by participants and the Exchange itself.

Development for all

As the only exchange in operation in Brazil, BM&FBOVESPA recognizes its duty to raise public awareness of the importance of saving and investing for the long term. Its financial education programs serve this purpose by encouraging greater self-provision.

The company's commitment to transparency and ethics is embodied by its special listing segments for companies with high standards of corporate governance (Novo Mercado, Level 1, Level 2).

Social investment focusing on community development is also a priority for BM&FBOVESPA as a signatory to the United Nations Global Compact, a strategic policy initiative for businesses around the world to promote sustainable global economic growth.

In line with its strong commitment the company seeks to embed the concept of sustainability in its products and services, involving all business areas in this policy of inducing best practice as exemplified by the development of "green" indicators such as the Corporate Sustainability Index (ISE) and the Carbon Efficient Index (ICO2).

Technological advances

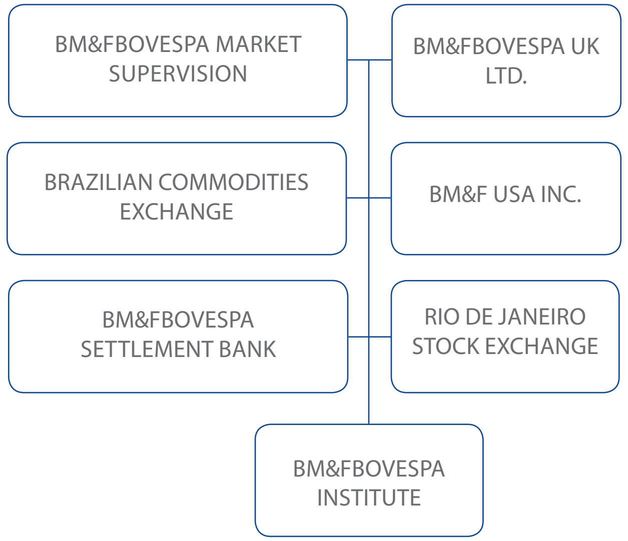
The success of the Exchange's activities depends on the continuous improvement and integration of its trading and settlement platforms, as well as its flexibility to create solutions. Its substantial investment in leading-edge technology results in high performance to assure security, speed and cost-effectiveness for its customers.

A milestone in this regard was the launch of the Post-Trading Integration Program (IPN in the local acronym), which will result in a single clearing house for equities, derivatives, foreign exchange and bonds, as well as the implementation of an advanced risk management system known as Close Out Risk Evaluation, or CORE. Its completion is scheduled for 2013.

Group companies [2.2|2.3]

The group's corporate structure is currently as follows:

BM&FBOVESPA S.A. — Securities, Commodities and Futures Exchange



BM&FBOVESPA Market Supervision (BSM) is responsible for market surveillance in the equity segment, acting as an ancillary body to CVM, Brazil's securities and exchange regulator, and for managing the Investor Compensation Mechanism (local acronym MRP).

BBM, the Brazilian Commodities Exchange, manages registration and settlement of trades in commodities, goods and services for physical delivery, as well as securities representing these products in the primary and secondary markets and in cash, forward and options modalities.

BM&FBOVESPA Settlement is a wholly-owned subsidiary set up to centralize custody of assets pledged as collateral and margin requirement for the Exchange's clearinghouses and holders of access rights.

BM&F USA Inc., also a wholly-owned subsidiary, is headquartered in New York with a representative office in Shanghai and a full branch in London. Its mission is to represent BM&FBOVESPA abroad.

The BM&FBOVESPA Institute is a civil society organization, which was created in 2007 for the purpose of integrating and coordinating our social investment projects.

The BM&FBOVESPA Group also includes BVRJ, the Rio de Janeiro Stock Exchange, which is not operating currently but is available for institutional events.

BM&FBOVESPA had 1,442 employees and 85 trainees at end-2012. The company's market value was R$27.7 billion on December 31. There were no changes in its size, structure or equity ownership during the year. [2.9]

Recognition of transparency and efficiency [2.10]

In 2012, for the fourth consecutive year, BM&FBOVESPA was awarded the Transparency Trophy in the category Public Companies with Annual Sales of up to R$5 Billion by the National Association of Finance, Administration & Accounting Executives (Anefac), the Accounting, Actuarial & Financial Research Institute Foundation (Fipecafi) and Serasa Experian.

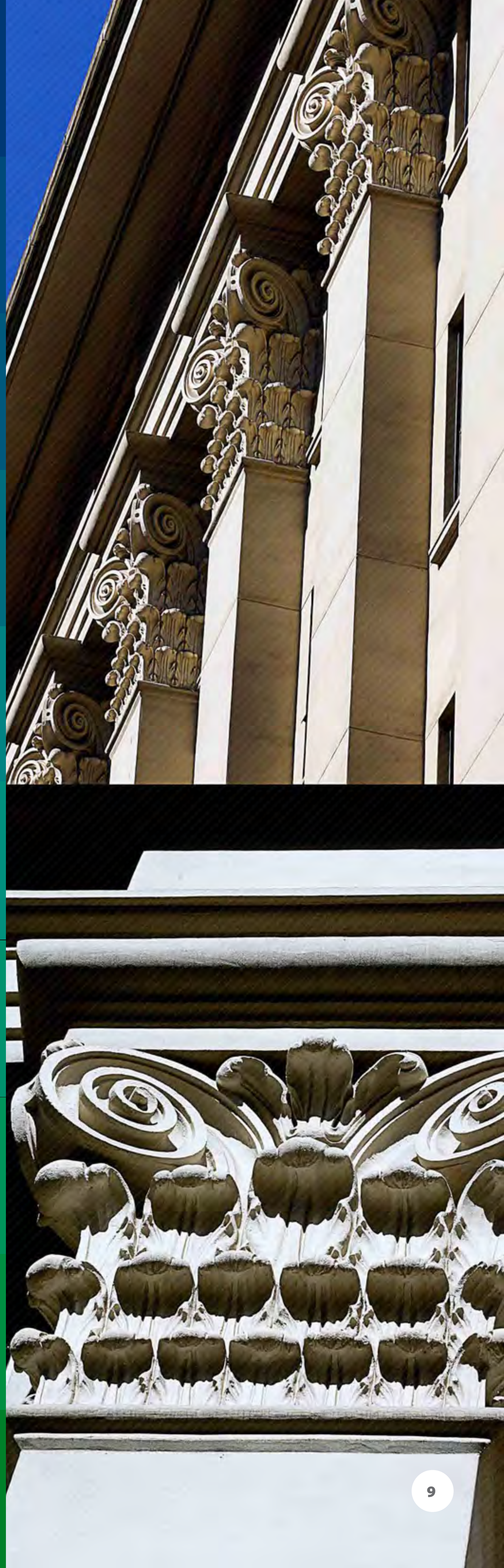
In addition, for the third consecutive year it won the Best Company for Shareholders prize in the category Corporate Governance awarded by Capital Aberto magazine. The company ranked second among the 100 selected companies, with a score of 8.15 on a scale from zero to 10.

It also won a Value Creation award in the category Industry Leader 2012 – Financial Services from the Brazilian Association of Publicly Held Companies (Abrasca).

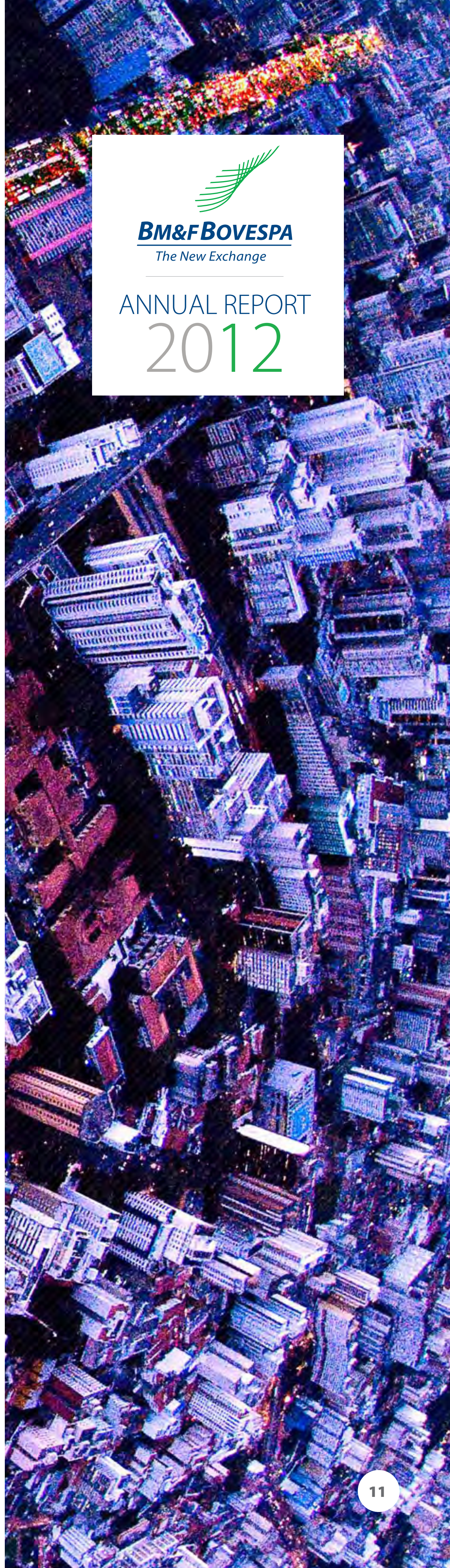
For the second consecutive year the company also won the Exchanges and Brokers Award for the Best Sustainable Stock Exchange in Latin America from World Finance, a leading financial magazine produced in London.

In 2012 BM&FBOVESPA also won two awards from Future & Options World (FOW) magazine, both in the South America category: Exchange of the Year and Best Innovation by an Exchange (for implementation of the PUMA Trading System).

The company also won the 14th Abrasca award for the Best Annual Report in 2011 in the category Group 2 Public Companies (net sales of less than R$3 billion).



2. STRATEGIES AND RISK MANAGEMENT 1.2



Expansion of BM&FBOVESPA's markets involves continuous investment in technology

Technology and efficiency

In 2012 BM&FBOVESPA continued to invest heavily to upgrade its technology infrastructure and enhance its operational model.

In early November the company presented its clearinghouse integration program to market participants – banks, brokerage houses, regulators and investors. This program includes the implementation of a new risk management system called CORE, short for Close Out Risk Evaluation, unique in the global industry.

The aim of the program is to integrate the existing four clearinghouses – for equities, derivatives, foreign exchange and other assets, especially bonds – into a new, highly secure and robust unified platform based on a faster data processing architecture with the capacity to handle more than 10 million orders per day and calculate risk in real time.

Simplification and standardization of processes will also be key features of the new clearinghouse, which is scheduled for implementation in the fourth quarter of 2013.

The unified clearinghouse will introduce new concepts, technologies and solutions that will revolutionize important services provided by the Exchange.

The new model will also mean more efficiency, agility and flexibility thanks to the simplicity and modular nature of the new technological solution.

The investment budget is estimated at between R$260 million and R$290 million for 2013 and R$170 million-R$200 million for 2014. In 2012 investment totaled R$258.4 million.

Part of this investment resulted, among other things, in the development of the post-trading integration program, an effort involving professionals from several areas of the Exchange who are working simultaneously on 15 projects, including CORE, which will integrate the risk methodologies.

In 2013 integrated tests with the market are scheduled and implementation of the new systems in the production environment will begin. Once this stage is completed, migration of the processes for derivatives registration, clearing and settlement to the new single clearinghouse will begin. The equities clearinghouse is scheduled to migrate to the new system in 2014.

It is important to note that the partnership with Cinnober will result in operational autonomy with regard to the TRADExpress RealTime Clearing system, an advanced solution with the flexibility to adapt to different participant structures, asset classes and settlement models.

In parallel with the clearinghouse integration project, the company continued to extend the BM&FBOVESPA PUMA Trading System, a multi-asset electronic trading platform developed in partnership with CME Group and launched in 2011. The derivatives model was implemented first. Development of the equities module was completed in 2012. Migration of Mega Bolsa, the equities and equity derivatives trading system, to PUMA is scheduled for the first quarter of 2013.

The first stage of the development of the new registration system for the over-the-counter (OTC) market was completed and is scheduled to begin operating fully in the first quarter of 2013.

Work began on the construction of a new data center in 2012 and is scheduled for completion in 2013 to unify the company's main data centers in a scalable environment that will support the growth of its business in the years ahead, as well as mitigating risks and improving the availability and operational security of its technology infrastructure.

Market security and efficiency

Technology guarantees market security and efficiency. Another factor that differentiates BM&FBOVESPA in its commitment to excellence is constant investment in the following:

Self-regulation and market supervision – Through BM&FBOVESPA Market Supervision (BSM), an independent organization that acts as an ancillary arm of CVM in the sphere of securities market surveillance, the Exchange promotes regulation and assures the proper functioning of the markets and participants, bolstering market integrity and investor protection.

Operational qualification of brokerage houses – BM&FBOVESPA's Operational Qualification Program (PQO) certifies the quality of the services provided by brokerage houses, encompassing customer registration, order execution, settlement, risk management, information security and business continuity, among other processes. Quality seals for execution brokers, carrying brokers, retail brokers, agro brokers and online trading services (Home Broker) are awarded under the Operational Qualification Program. In 2012 this activity of certifying brokerage houses was transferred to BSM.

Issuer relationships, promotion and supervision – BM&FBOVESPA constantly invests in the maintenance and development of a favorable environment for companies to raise funds. The total number of companies currently listed on all special corporate governance segments is 178, of which 127 are listed on Novo Mercado.

International promotion of the Brazilian markets – As part of its commitment to develop the markets, BM&FBOVESPA sponsors and actively participates in a range of initiatives designed to promote local markets internationally, such as BRAiN – Brasil Investimentos e Negócios, an institution created to coordinate and promote Brazil as Latin America's main global investment and business hub.

Social and environmental promotion activities – The Exchange has a long tradition of social investment through the BM&FBOVESPA Institute. It also sponsors a number of initiatives with the aim of encouraging listed companies to include sustainability in their business agendas. These include the BM&FBOVESPA Athletics Club, the Job Training Association, and the Environmental & Social Exchange (BVSA).

In 2012, with the support of a global consulting firm, the company began reviewing its fee structure in pursuit of enhanced efficiency for all segments. The first changes will be announced in 2013.

Growth and market strengthening

BM&FBOVESPA's growth strategy for 2012 prioritizes projects that diversify its revenue streams.

The company aims to strengthen existing products and services, as well as developing new solutions with high growth potential, by expanding its new issuer motivation and prospecting activities, encouraging companies to raise capital by listing on the Bovespa Mais access segment, extending the market maker program to all assets and derivatives, extending access to new types of investors by launching products and services on a global scale, bolstering the liquidity of commodity derivatives, strengthening the BM&FBOVESPA Educational Institute as the main center for training and education in capital markets and derivatives, and extending its financial education programs for individuals.

Promotion of small IPOs

BM&FBOVESPA is constantly increasing its efforts to motivate and prospect for new issuers. In 2012 the company conducted studies on ways of increasing the number of issuers in Brazil, particularly by helping small and medium enterprises in all sectors to raise capital in the equity market.

The working group set up for this purpose comprised representatives of the following organizations, besides the Exchange itself: ABDI, the Brazilian industrial development agency; BNDES, the national development bank; CVM, the securities and exchange commission; and Finep, the federal innovation agency. It visited seven countries – Australia, Canada, China, Poland, South Korea, Spain and the United Kingdom – to find out about alternative stock market rules and practices tailored to the capital-raising needs of small and medium enterprises. It also endeavored to explore the practices prevailing in the main stock markets in these countries, many of whose leading exchanges also list a large number of SMEs.

The working group's main findings, published in November, emphasized the importance of less burdensome disclosure requirements, more simplified governance rules, larger discounts for smaller issuers, and tax incentives for investors rather than issuers.

The composition of the Technical Committee on Small IPOs was announced in December, as planned. Its remit is to discuss proposals and present an agenda of activities for 2013. Proposals also on the table as a result of the roundtable session held on November 5 with CVM include tax incentives for investors and/or investment funds, measures to lower the cost of listing and maintaining public companies, and activities to educate investors on specific aspects of SMEs.

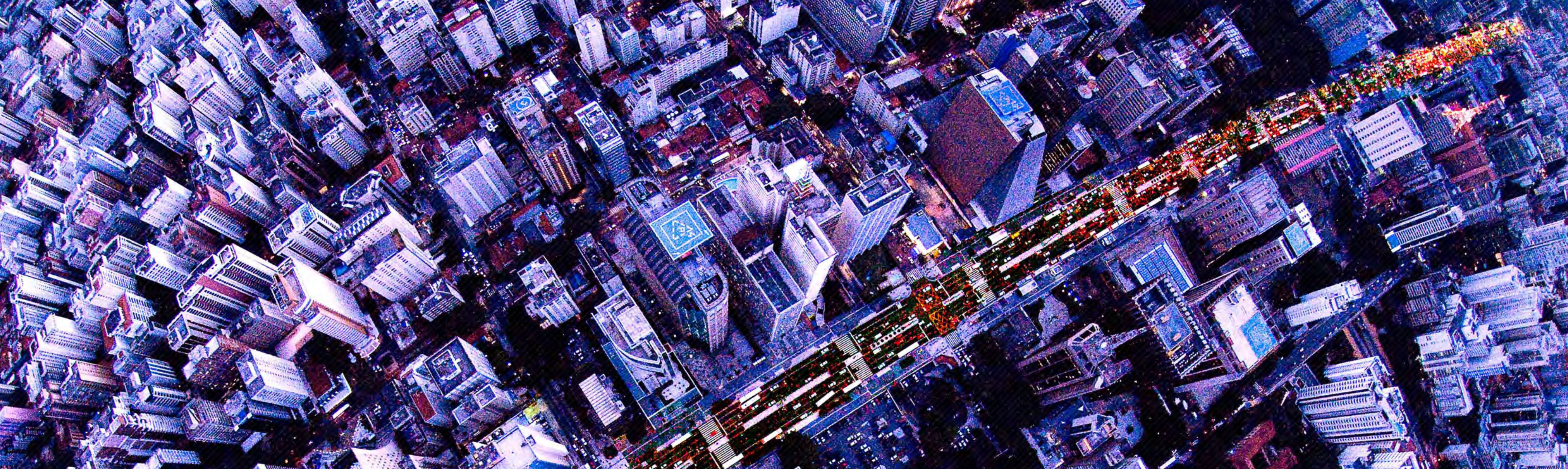
Products and services

The Exchange believes strongly in the development and growing sophistication of the Brazilian capital markets and participants. For this reason it has introduced new products and services and pursued greater liquidity for existing products.

In 2013 the company will focus on developing equity options by intensifying market maker programs; on ETFs, introducing new bidding processes and launching funds as well as offshore indexes; and on commodities, launching new contracts, producing indicators and extending the market maker program for futures and options.

The company will also continue to improve the securities lending service by upgrading the BTC system and enhancing the efficiency of the settlement process for these transactions. The service will remain superior to those of other countries inasmuch as BM&FBOVESPA acts as counterparty to and guarantees all securities lending transactions.

Another product line is the cross-listing of products licensed by other exchanges, especially derivatives. In 2012 the Exchange launched CME soybean futures and CME S&P 500 futures, as well



as BRICS index futures (tracking the exchange indexes for Brazil, Russia, India, China and South Africa).Crosslisting of the Ibovespa and of WTI crude oil, S&P 500 is planned in 2013.

Individual investors

The company will intensify its partnerships with brokerage houses and retail banks to train traders and managers with the aim of bolstering by individual investors' trading volumes and participation by encouraging them to invest directly in the products offered by the Exchange or in investment funds. The financial education programs offered by the Educational Institute will also be intensified.

Information services

The various stakeholder groups with which BM&FBOVESPA has relationships require ease of access and more detailed information. To optimize and automate communication with issuers, investors and other stakeholders, the company plans a complete reformulation of its internet portal. This will include the creation of a portal specifically for issuers, which will publish financial statements and provide support for Investor Relations, as well as a portal specifically for investors, offering a reformulated Electronic Investor Channel linked to the portal for issuers.

Internationalization

The drivers of BM&FBOVESPA's growth strategy also include diversifying its investor base and building closer ties with foreign exchanges and institutions.

To this end the company plans to identify needs and develop new products or structures that offer exposure to Brazil and its markets.

Risk management

BM&FBOVESPA follows advanced risk management procedures to deal with market, liquidity and counterparty risks.

The Exchange is a global benchmark in risk and collateral management, currently administering four clearinghouses (for equities and fixed income, derivatives, foreign exchange and assets) considered systemically important by the Central Bank of Brazil. These clearinghouses act as the central counterparty (CCP) for all trades executed via their systems.

The clearinghouses have an advanced risk management structure that stands out among the similar models operated in various countries. All transactions executed by financial institutions and investment funds must be registered with a centralized registration system authorized by the Central Bank of Brazil.

This system permits identification of the clearing agent, brokerage house and beneficial owner responsible for each transaction. Regulators are able to access rapidly and efficiently all data on risk exposure and transactions executed by institutions.

Risk calculation and individualized collateral requirements

Risk control follows a specific methodology for each market. Risk is calculated using a stress testing model in almost real time (several times during the day), and additional collateral or margin deposits are required whenever necessary.

Risk calculation and collateral requirements are individualized for each beneficiary owner. Collateral is posted to custody accounts managed by the clearinghouses themselves, and beneficiary owners' accounts are completely and effectively segregated from each other.

BM&FBOVESPA's clearinghouses have accounts with the Central Bank of Brazil for the settlement of all transactions executed, avoiding exposure to commercial bank credit risk.

Regulation and supervision

BM&FBOVESPA's clearinghouses have a robust regulation and supervision structure based on exchange self-regulation, on constant assessment and supervision of its risk management and settlement models by the Central Bank of Brazil, and on CVM's supervision of the securities markets, including derivatives.

Central counterparty risk

Through its clearinghouses BM&FBOVESPA acts as central counterparty to all trades in the equity market (cash, forwards, options, futures and securities lending), derivatives market (futures, forwards, options and swaps), foreign-exchange market (spot dollar), government bond market (cash, forwards, repos, loans) and corporate bond market (cash, loans).

By acting as central counterparty, the Exchange assumes responsibility for complete settlement of transactions executed through its systems and/or registered with them. As such it intermediates between the parties to each transaction, acting as buyer to all sellers and seller to all buyers for settlement purposes.

Thus if participants fail to discharge their obligations to the clearinghouses, by not making payments on time or not delivering assets, for example, BM&FBOVESPA must activate safeguards and ultimately have recourse to its own funds. To manage the risks inherent in this function, the CCP focuses on calculating, controlling and mitigating its credit-risk exposure to participants.

Safeguards

To assure adequate mitigation of the risks assumed, each of BM&FBOVESPA's clearinghouses has its own risk management system and its own safeguards – resources and mechanisms that can be used to cover losses relating to settlement failure by one or more participants, including the collateral pledged by market participants, margin deposits, funds specifically set up for this purpose, special assets, and co-responsibility for settlement assumed by brokerage houses and clearing members or agents.

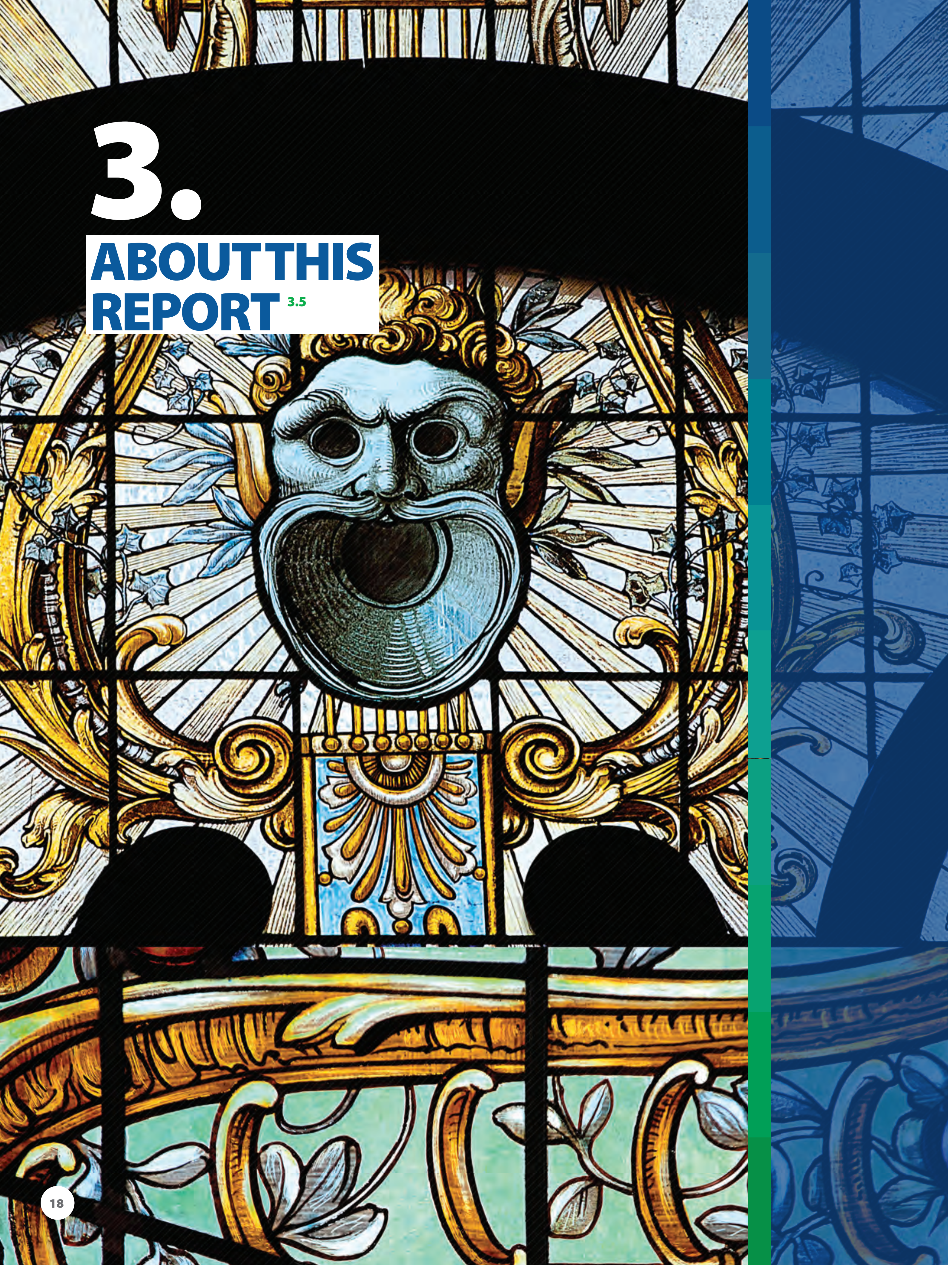
BM&FBOVESPA's clearinghouses are not directly exposed to market risk because they do not hold long or short net positions in any of the contracts and securities traded on its markets. However, significant price volatility can affect the magnitude of the amounts to be settled and increase the probability of participant default.

In addition, the clearinghouses are responsible for settlement of the transactions executed by defaulting participants. This can result in losses to the Exchange if the amounts owed exceed the value of the guarantees available. Thus despite the lack of direct exposure, market risk can affect the credit risks assumed and may even increase them.

BM&FBOVESPA's Equities and Derivatives Clearinghouses are responsible for settlement and risk management relating to approximately 85% and 90% of the total Latin American equity and derivatives markets respectively.

Clearinghouses – Deposited Collateral

Daily average	12/31/12	12/31/11	Var, (%)
Equity and corporate debt	77,719,8	69,770,1	11,4%
Derivatives	94,052,4	104,195,5	-9,7%
FX	3,662,7	3,448,6	6,2%
Securities	1,047,0	1,142,3	-8,3%
Total	**176,481,9**	**178,556,5**	**-1,2%**



3. ABOUT THIS REPORT [3.5]

A BM&FBOVESPA constantly computes and updates its indicators

This annual report details the performance of BM&FBOVESPA and all operations conducted between January 1 and December 31, 2012, at its head offices in São Paulo, Brazil. The previous report was published in 2012 and referred to the company's operations in 2011. [3.1|3.2|3.3|3.6|3.8]

The consolidated financial statements were prepared and are presented in accordance with International Financial Reporting Standards (IFRS), applied to the 2012 annual balance sheet and retroactively to the previous year in order to permit comparisons between the two periods. [3.9]

In 2012 no significant restatements or changes were made to the types of information provided, which are therefore entirely comparable with the 2011 report and those referring to previous years. Similarly, no significant changes were made to the size and structure of the company or its capital structure, and no specific restrictions were made to the scope, boundaries or measurement methods used.[3.7|3.10|3.11]

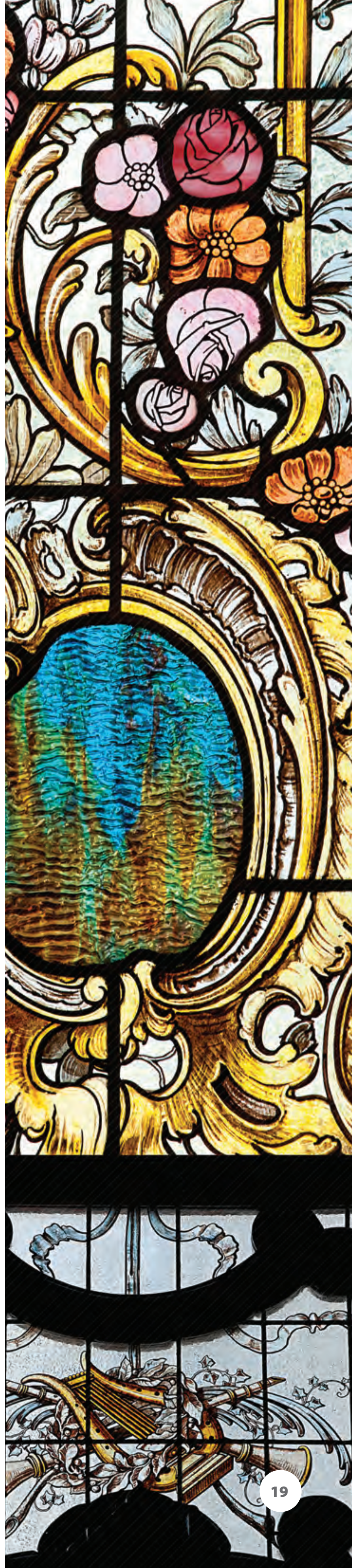
This is the fourth consecutive annual report published by BM&FBOVESPA in accordance with Global Reporting Initiative (GRI) guidelines, continuing the effort to comply with Level C requirements. It presents information on relations with all stakeholder groups, including employees, contractors, suppliers, market participants, shareholders, government and regulators, among others. [3.5|3.9]

Computing and upgrading of indicators for the annual report, especially on the social and environmental dimensions, were supported by a firm of communication consultants and reviewed by BM&FBOVESPA's Executive Board and Sustainability Committee. The financial statements were audited by PricewaterhouseCoopers Auditores Independentes. [3.13]

The 2012 Annual Report will remain available online on the BM&FBOVESPA website (www.bmfbovespa.com.br) and has been printed only in a summarized version on certified paper with vegetable oil-based ink to minimize the environmental impact of this publication.

The GRI Content Index is on page 174. [3.12]

For more information about this report, contact Investor Relations at the e-mail address ri@ bmfbovespa.com.br. [3.4]



4. CORPORATE GOVERNANCE

BM&FBOVESPA is committed to strict rules for corporate governance, transparency, and ethical relations with the market

Governance structure [4.1]

BM&FBOVESPA is recognized for its responsible management, transparency and efficiency. In 2012 it once again won the Transparency Trophy and a Best Companies for Shareholders Award in the category Corporate Governance, as well as winning the Abrasca award for the Best Annual Report in 2011.

This recognition demonstrates that the Exchange seeks constantly to enhance corporate governance, adopting best practices and assuring the alignment of interests between the company, its top management, its controlling and minority shareholders, market participants, and other stakeholders.

Transparent management, a disciplined regulatory environment and respect for the rights of shareholders maximize value creation by the company and provide related parties with elements for informed strategic decision making.

General and Extraordinary Shareholder Meetings [4.4]

Meetings of the company's shareholders are convened at least two weeks in advance for the first call and one week in advance for the second call. In addition to the powers established by law or by the company's articles of incorporation and bylaws, shareholder meetings are empowered to decide on the appropriation of annual earnings and their distribution to shareholders; approve grants of incentive stock options or the issuance of stock to executives and employees of the company and its subsidiaries and affiliates; and approve profit sharing schemes in accordance with its human resources policy.

To facilitate and encourage participation in shareholder meetings, BM&FBOVESPA allows electronic proxy vot-

ing and authorizes some of its executive officers to receive proxy forms with specific instructions to vote on items of business. In addition, the company's website provides channels for contact via the Ombudsman (www.bmfbovespa.com.br) and the Investor Relations portal (bmfbovespa.com.br/ri).

BM&FBOVESPA also offers employees opportunities to express their opinions. The organizational climate survey ("Opinião de Valor") and its ramifications are examples of transparency in this process. In addition, the Chief Executive Officer (CEO) periodically presents employee-related decisions, findings and recommendations to the Board of Directors.

Board of Directors

BM&FBOVESPA is governed by a Board of Directors and an Executive Board. The members of the Board of Directors are elected by the Annual General Meeting of shareholders (AGM). The Board of Directors then appoints the members of the Executive Board. All members of both Boards serve two-year terms. According to the company's by-laws, no member of the Board of Directors may be appointed to the Executive Board. [4.2]

The Board of Directors has 11 members, six of whom are independent. All members serve concurrent two-year terms and can be re-elected. This body is responsible for setting and overseeing global strategies, and for the supervision of internal controls, particularly with regard to risk management. [4.3]

The Board of Directors holds regular meetings every two months but can be convened at any time when necessary. In 2012 it met nine times.

The members of the Board of Directors are qualified in the economic, financial, environmental and social fields, with ample knowledge and experience in these areas. Their remuneration and that of the Executive Board, which are established by the Compensation Committee, includes fixed and variable components as well as long-term incentives, currently consisting of the Stock Options Program approved by the AGM.

Notwithstanding the excellence of its members, the Chairman conducts a formal annual assessment of the Board of Directors as a body, analyzing its strategic focus, decision-making process, conduct of meetings, motivation, and alignment of interests.

Advisory committees to the Board of Directors

The Audit Committee, Corporate Governance & Nomination Committee, Compensation Committee and Risk Committee report to the Board of Directors in an advisory capacity. Their members serve two-year terms.

Audit Committee – One independent member of the Board of Directors and four external members oversee and evaluate the quality of internal auditing and independent external auditing of both the company and its subsidiaries and affiliates.

Corporate Governance & Nomination Committee – Three members of the Board of Directors, two of whom are independent, work to improve corporate governance, evaluate the adoption of best practices, and select and nominate candidates to the Board of Directors and Executive Board.

Compensation Committee – Three members of the Board of Directors, two of whom are independent, review the compensation and benefit policy and personnel management model, proposing improvements and monitoring their implementation.

Risk Committee – Four members of the Board of Directors analyze market, liquidity, credit and systemic risks in the markets managed by the company.

More information on the Board of Directors and its committees can be found in the Corporate Governance section of the Investor Relations portal (http://ir.bmfbovespa.com.br > Corporative Governance).

Executive Board

Appointed by the Board of Directors, BM&FBOVESPA's Executive Board consists of the Chief Executive Officer and four other executives. It executes the strategic guidelines established by the Board of Directors and monitors their results. It also establishes guidelines of its own for BM&FBOVESPA's operational, socio-economic and sustainability-related activities, as well as performing within its remit all the activities necessary for the organization to function properly.

The company also has a number of committees that assist and advise the Chief Executive Officer, including committees representing agribusiness, the capital markets and other important sectors, the Committee to Enhance Intermediation, the Listing Committee, the Regulations Committee, the Operational Qualification Program Certification Committee, the Sustainability Committee, and the Market Risk Technical Committee, whose main remit is to analyze the macroeconomic outlook and its effects in terms of risk on the markets in which the company operates.

Board of Directors

- Independent director – **Arminio Fraga Neto** – Chairman of Board of Directors
- Independent director – **Pedro Pullen Parente** – Vice Chairman
- Director – **Candido Botelho Bracher**
- Director CME – **Charles Peter Carey**
- Independent director – **Claudio Luiz da Silva Haddad**
- Independent director – **José Roberto Mendonça de Barros**
- Director – **Julio de Siqueira Carvalho de Araújo**
- Director – **Luis Stuhlberger**
- Independent director – **Marcelo Fernandez Trindade**
- Director – **Renato Diniz Junqueira**
- Independent director – **René Marc Kern**

Executive Board

- **Edemir Pinto** – Chief Executive Officer
- **Cícero Augusto Vieira Neto** – Chief Operating Officer
- **Eduardo Refinetti Guardia** – Chief Financial Officer
- **Luis Otávio Saliba Furtado** – Chief Information Security Officer
- **Marcelo Maziero** – Chief Product & Customer Officer

Business drivers [4.8]

Since 2008 BM&FBOVESPA has been undergoing changes and seeking to identify internally what defines it as an organization, its purposes and aspirations.

Mission, Vision & Values

The Mission Statement, Vision and Values are being drafted. Aspects relating to economic, social and environmental responsibility grounded in the concept of sustainability are being analyzed so that they can be integrated into the management of the company's business.

BM&FBOVESPA permanently pursues opportunities to broaden the perspectives for its actions through socio-environmental initiatives.

The company does not perform any activities that pose a risk to health or the environment. Furthermore, it prioritizes responsible practices in selecting and contracting with suppliers, such as those relating to environmental impact, ethical conduct, health and safety, and non-involvement in proven cases of corruption, bribery, slave or forced labor and child labor.

Corporate responsibility

BM&FBOVESPA company seeks to be an outstanding example of corporate responsibility. All employees, interns and contractors have formal work contracts. Every effort is made to ensure that individuals are respected in the workplace. No cases of discrimination on grounds of ethnicity, color, gender, religion, ideology, nationality or social status were reported in 2012.

Codes of Conduct [4.4]

The BM&FBOVESPA Code of Conduct establishes rules to avoid conflicts of interest, encompassing relationships with external stakeholders as well as employees, the treatment of privileged information, and securities trading.

The Code of Conduct applies to BM&FBOVESPA and all its subsidiaries and affiliates, and is signed by all employees. Suspected infringements are reported in writing to the Code of Conduct Committee. Such reports are never anonymous. The committee appoints a rapporteur to take the necessary steps to investigate each report. The Audit Department monitors all such cases and submits its findings to the Code of Conduct Committee for analysis. The CEO periodically presents decisions, findings and recommendations to the Board. [SO3]

In 2012 the Exchange kept fully in force the Supplier Code of Conduct, which covers principles and practices that must be part of the day-to-day routine of all those involved in building and maintaining relations that add value and develop society economically, socially and environmentally. They include:

- Complying with all laws, rules and regulations that prescribe a minimum age for work, and not employing children aged under 14.
- Admitting adolescents as apprentices only when previously registered with public and/or non-governmental organizations authorized by the competent government agencies.
- Guaranteeing school attendance by adolescent apprentices aged over 14, and assuring respect for their labor and social security rights and specific stage of development.
- Strictly obeying the laws applicable to combating working conditions analogous to slavery, forced labor and child labor, on pain of immediate unilateral termination of contract.
- In 2012 no cases of infringement or corruption at BM&FBOVESPA were reported to the Code of Conduct Committee, and no significant fines or non-monetary penalties resulted from non-compliance with laws, rules and regulations in the period. [SO4 | SO8]

Abrasca Code

On December 12, 2011, BM&FBOVESPA adhered to the Abrasca Code of Self-Regulation and Best Practice for Publicly Held Companies, declaring that it applies the principles and rules established by the Code except the recommendation that all advisory committees to the Board of Directors be chaired by members of that Board. In fact the Exchange does apply this rule, with the sole exception of the Audit Committee, which is chaired by an independent external member who has the requisite technical qualifications. The company believes the choice of this member is aligned with the committee's remit and with its requirements in terms of independence and competencies.

Conflicts of interest [4.6]

BM&FBOVESPA's policy on conflicts of interest is aligned with the requirements of Law 6404/76. Infringements are reported to the Corporate Governance & Nomination Committee for analysis. The committee proposes corrective action for approval by the Board of Directors.

The company's bylaws include several rules designed to prevent access to certain kinds of information, as well as participation in Board discussions and decisions, by members of the Board of Directors involved in conflicts of interest with the company.

The bylaws also determine that the management of BM&FBOVESPA, including members of the Board of Directors, must sign a declaration of adherence to the Insider Information & Trading Policy Manual.

In addition, the Conflict of Interest & Related Party Transactions Policy applies to all employees and executives of BM&FBOVESPA and its subsidiaries and affiliates.

The company has put in place formal mechanisms for shareholders to express their opinions to top management through the Investor Relations Department. The Ombudsman pursues consensus solutions for any conflicts among investors and participants in the markets managed by BM&FBOVESPA.

Institutional representation [4.12 | 4.13]

BM&FBOVESPA is a member of or signatory to several institutions of an economic, environmental and/or social nature.

- Member, Associação Viva o Centro – seats on board and executive
- Member, Network of Brazilian Women Leaders for Sustainability, Ministry of the Environment
- Member, Steering Committee, National Register of Companies Committed to Ethics & Integrity (Cadastro Empresa Pró-Ética)
- Member, Business for Climate Platform (Empresas pelo Clima), FGV – seat on advisory board
- Member, GRI Focal Point Brazil Advisory Group
- Member, Steering Committee, Ethos Indicators, Third Generation
- Member, São Paulo Against Violence Institute – seat on board
- Member, Grupo de Institutos, Fundações e Empresas (GIFE) – seat on supervisory board
- Member, Honorary Council, Carbon Disclosure Project (CDP), South America
- Member, Technical Advisory Council, Carbon Disclosure Project (CDP), South America
- Member, GRI Stakeholder Council
- Member, Sustainability Research Group, Brazilian Institute of Corporate Governance (IBGC)
- Signatory, Voluntary Commitment to the UN Sustainable Stock Exchanges (SSE) initiative (Global Compact, PRI, UNEP-FI, UNCTAD)
- Signatory, Brazilian Business Compact For Integrity & Against Corruption
- Signatory, UN Global Compact – member, Brazilian Global Compact Committee
- Signatory, Brazilian National Compact for the Eradication of Slave Labor
- Signatory, Principles for Responsible Investment (UN PRI) – member, PRI Engagement Group Brazil

Institutional participation [4.4 | 4.12 | 4.13]

As part of its business strategy, BM&FBOVESPA participates in several domestic and international associations or organizations, where it is a project or committee member or invited to share its expertise.

- BRAiN (Brasil Investimentos & Negócios, a joint initiative of Anbima, BM&FBOVESPA and Febraban) – associate member
- Ibero-American Federation of Exchanges (FIAB) – member, Executive Committee and Working Committee

- Futures Industry Association (FIA) – associate member
- Brazilian Institute of Corporate Governance Institute (IBGC) – sponsoring organization and member of several committees (Guidelines, Legal, Finance, Sustainability, Communication)
- International Organization of Securities Commissions (IOSCO) – member, Self-Regulatory Organizations Consultative Committee (SROCC), Council of Securities Regulators of the Americas (COSRA), and IOSCO Working Group that coordinates Brazilian participation
- World Federation of Exchanges (WFE) – member, Board, Working Committee, Communications and Regulation Task Forces

Stakeholder relations [4.14 | 4.15 4.16 | 4.17]

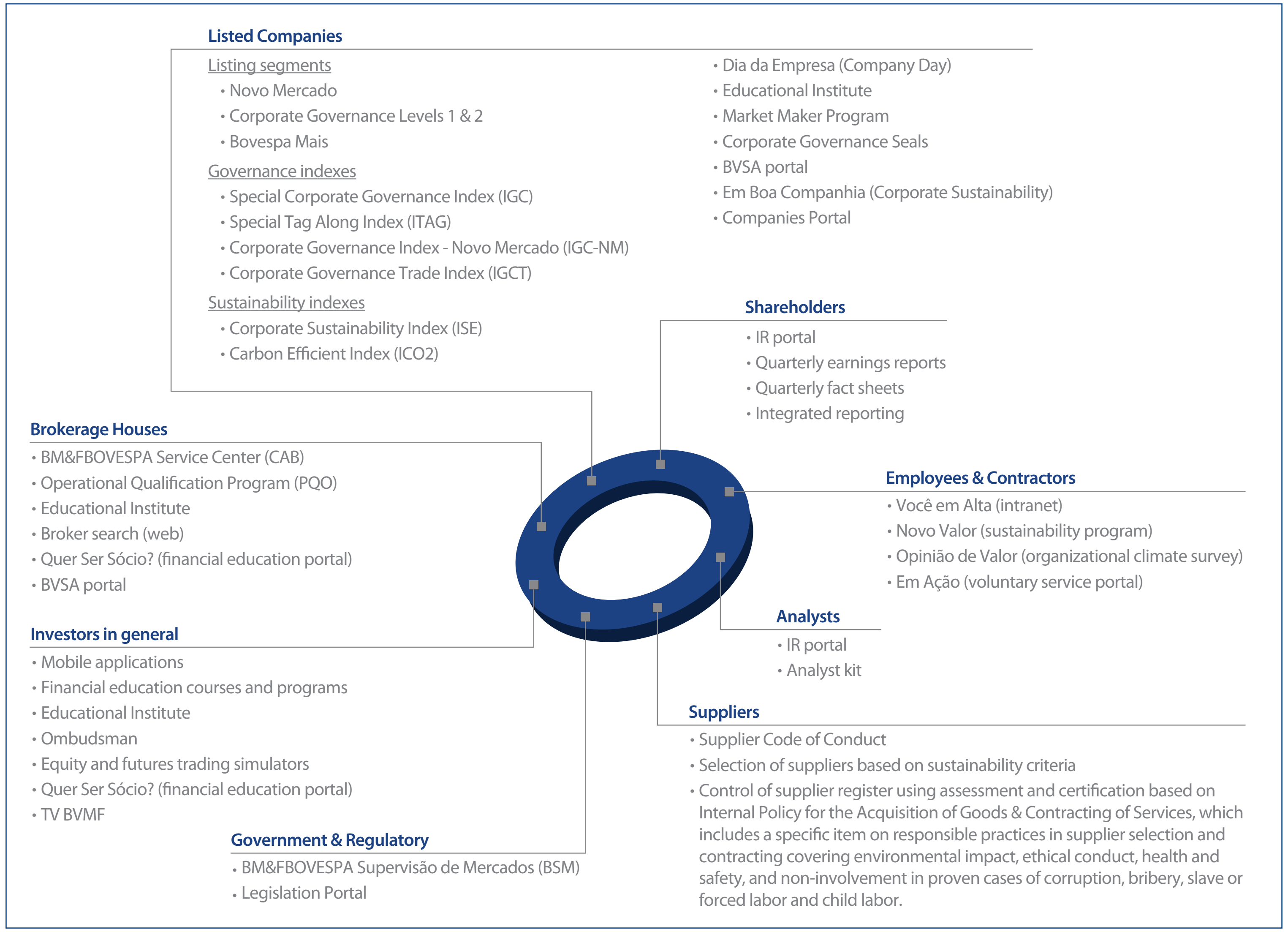
BM&FBOVESPA maintains mechanisms not only to assure the proper functioning of its business but also to foster best practice in corporate governance among market participants and other stakeholders, especially shareholders, brokerage houses, listed companies, government, investors, analysts and suppliers.

The company's stakeholder engagement initiatives include application of the AA1000 corporate responsibility management standard, focusing on accounting, auditing and social/ethical reporting, educational campaigns, actions to encourage companies and individuals to participate in socio-environmental initiatives such as the Environmental & Social Investment Exchange (BVS&A) and the Em Boa Companhia ("In Good Company") website, and regular meetings of the Advisory Committees set up to build closer ties with the markets with the participation of representatives of various segments.

Responsible practices

– BM&FBOVESPA fosters best practice in transparency and management through various strategic initiatives including the creation of listing segments for companies with high levels of corporate governance development – Novo Mercado, Level 2, Level 1 and Bovespa Mais – and a number of sustainability indexes: the Special Corporate Governance Index (IGC), Corporate Governance Trade Index (IGCT), the Corporate Governance Index – Novo Mercado (IGC-NM), the Corporate Sustainability Index (ISE) and the Carbon Efficient Index (ICO2).

Stakeholder relationship channels [4.14 | 4.15]



As yet another sustainability initiative, BM&FBOVESPA adopted Report or Explain guidance recommending that listed companies state in item 7.8 of the Reference Form ("Description of the company's relevant long-term relationships not elsewhere described") whether they publish a regular sustainability report and where it is available, or explain why not.

The aim is to contribute to the movement to increase transparency in the disclosure of non-financial information, for which there is growing demand from the general public as well as investors in light of their understanding of the importance of sustainability in business and society.

BM&FBOVESPA believes its Report or Explain initiative will motivate growing numbers of companies to adopt the practice of reporting information and results in the social, environmental and corporate governance dimensions of their activities.

In 2012 the company presented the main points of the new base questionnaire for evaluation of companies that apply for inclusion in the eighth portfolio of the Corporate Sustainability Index (ISE). Among the proposals approved by the ISE's Board of Governors (CISE) was the inclusion of an open-ended text field for each indicator in the questionnaire. This new feature will enable companies to add any information they deem necessary to their answers to multiple-choice questions. The instrument is a continuation of the Exchange's actions to foster transparency, providing one more incentive for companies to disclose their responses to the ISE questionnaire in response to growing interest from analysts, investors and the general public.

Market Ombudsman

BM&FBOVESPA's Market Ombudsman is a channel for communication with stakeholders. The Market Ombudsman interacts with stakeholders both actively through contacts and visits, and passively through suggestions and complaints received via the internet and by telephone.

The Market Ombudsman prioritizes direct investigation of all cases, submitting the information and data collected to the Executive Board and Board of Directors at the end of each quarter. The service is available to all stakeholders but demand comes mainly from investors, most of whom are customers of brokerage houses.

There are no records of complaints regarding data security or privacy breaches in the period, or of any significant fines for failure to comply with the laws and regulations governing the supply and use of products and services. [PR8 | PR9]

The Ombudsman responds to all contacts and invariably makes sure that both the response and the solution offered in each case are evaluated, in accordance with ISO 9001 certification requirements. As of 2013, the Exchange will manage process quality and performance internally.

Indicators are monitored monthly by Customer Service (SAP) to evaluate the satisfaction of broker-

NÍVEL 1 BM&FBOVESPA NÍVEL 2 BM&FBOVESPA NOVO MERCADO BM&FBOVESPA BOVESPA MAIS BM&FBOVESPA

age house customers and members of the public who contact BM&FBOVESPA. The findings are described in a management report, including satisfaction surveys covering the quality of telephone service and average response time. PR5

The number of contacts recorded by SAP in 2012 was 58.724. Response time averaged 2.16 days. The level of satisfaction with telephone service and service via the internet was 97.43% and 78.59% respectively. More details are presented in the table below.

SAP satisfaction survey – telephone service

Excellent	Very good	Good	Average	Poor	Total
10,589	1,886	571	145	199	13,390
79,08%	14,09%	4,26%	1,08%	1,49%	100%

SAP satisfaction survey – service via website

Excellent	Very good	Good	Average	Poor	Total
170	62	25	19	51	327
51,99%	18,96%	7,65%	5,81%	15,60%	100%

5. PEOPLE MANAGEMENT

Valorization, recognition and training are strategies to foster employee engagement and performance

In 2012 BM&FBOVESPA stepped up its investment and initiatives in employee and leader training, in organizational climate management, and in the development of a new organizational culture.

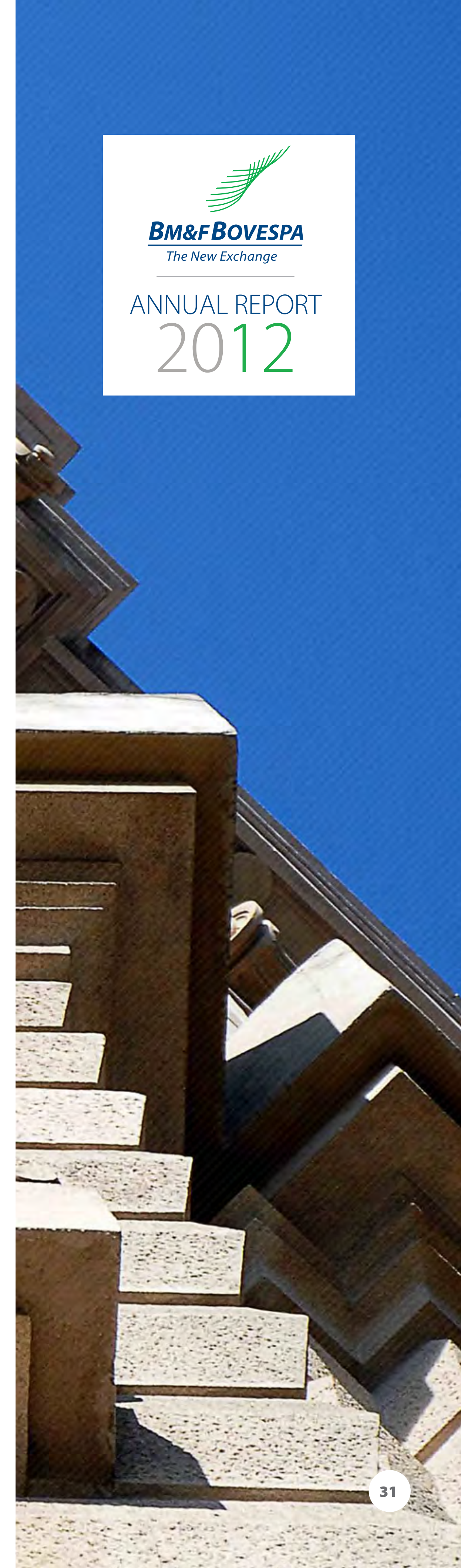
Opinion of Value Survey

In 2011, as part of the evolution of its management model, organizational culture and continuous workplace improvement process, BM&FBOVESPA conducted an organizational climate survey called Opinion of Value to diagnose the level of employee satisfaction and engagement, and find out about the expectations and aspirations of the workforce.

Employees voluntarily formed 20 working groups, which during 2012 drew up action plans to cover the requirements pinpointed by the survey. The actions were grouped as outlined below.

Corporate communication – One of the main findings of the survey was the need to enhance the organization's capacity to plan and prioritize targets, align targets between areas, and give direction to its teams. The actions adopted to achieve this enhancement included the creation of a Strategic Planning Unit, the implementation of important initiatives such as communication of the 2012 Corporate Plan to all levels of the organization, the alignment and sharing of targets across units up to the Executive Board level, the creation of a Project Portfolio Management Committee (CGP), and preparation of the 2013 Corporate Plan approved by the Board of Directors.

Training and development – The company continued to invest in the Leaders Days Program, external assessment activities, coaching, and other structured face-to-face programs for managers focusing more intensely on such subjects as performance and recognition, and training and development.



Processes – Several working groups identified processes as a root cause and called for processes to be improved. A new unit entitled Processes & Performance was set up to meet this requirement by monitoring, evaluating, redesigning and improving existing processes.

Performance and pay models – A multidisciplinary group was set up early in the year, with employees from several areas participating. All elements of the assessment and pay model were openly discussed and proposals were sent to the Executive Board. Examples of actions adopted in 2012 include changes to the profit sharing assessment scale, feedback to teams regarding their scores, and assignment of weights to individual targets.

In parallel, the departmental working groups focused actively on specific plans for the requirements of their areas.

To address the challenge of sustaining the process and the commitment to implement the actions defined following the survey, fortnightly reports were distributed with updates on the progress achieved to date, results, and positive impacts on the workplace climate.

New Exchange Culture

The Opinion of Value Survey also showed that giving teams direction means defining and communicating the organization's future vision and values. Another work front related to this theme that required significant attention from the Executive Board and the Board of Directors was the New Exchange Culture project.

With the support of outside international consultants, the project involved more than 150 people in the existing culture diagnosis stage, working in 13 groups of leaders and teams. The discussion of the desired culture included individual interviews and presentations by members of the Executive Board and the Board of Directors. In addition, a planning group was set up with directors of the company to develop an organizational culture development plan for 2013. The plan was approved by the Executive Board and aims to transform the organization through practical actions and projects for the coming year.

Leaders Days

Leaders Days is the company's structured continuous program implemented in 2010 with two tracks: training (mandatory) and individual development (optional).

This program is for executive and non-executive directors, managers and senior specialists, and coordinators and specialists. It begins with a detailed external assessment of each leader's competencies using several behavioral tests and exercises to reach a diagnosis including strengths and weaknesses or development needs. Forty new leaders took this part of the program in 2012.

The findings are used as a basis for the participants to take the parallel training and development tracks. The latter, which is optional, consists of external coaching to assist with an individual development plan based on the results of the competency assessment. The number of participants in this process in 2012 was 101.

All participants take the training track, which consists of face-to-face modules specially constructed for the company by Fundação Dom Cabral, a renowned institution that specializes in executive development.

The first module is the People Management Cycle developed on the basis of the leaders' competencies, the company's people management model, and the general findings of the assessment process and Opinion of Value Survey. The goal is to clarify the leader's role and enable the participants to swap experiences and do practical exercises involving typical everyday real-life situations.

The next step consists of workshops designed to strengthen the participants' grasp of the concepts involved. In 2012 the workshops focused on the people management processes that most require well-qualified managers, especially performance evaluation, recognition, team target management and feedback, and training and development.

The number of leaders trained in 2012 was 250, with a total of 546 participations in the various face-to-face modules of the program.

Talent management

In 2012 BM&FBOVESPA performed a talent and succession mapping and planning exercise for all departments. This annual process aims to guarantee the preparation of leaders to tackle the challenges faced by the organization now and in future.

Successors to each department's leaders were identified and action plans were proposed for the company's critical positions, including individual development and retention mechanisms.

To complement this process, the requirements for leadership positions in all departments were evaluated and validated, and a succession nomination calibration flow was established to legitimate the planning procedure.

Profile of BM&FBOVESPA's team LA1

BM&FBOVESPA had 1,442 employees and 85 interns at end-2012.

The entire workforce (1,527 people) was located in the Southeast Region. All except for interns were employed full-time and had indefinite duration employment contracts.

The number of people with special needs (PSN) was 72 at end-2012, in compliance with the 5% quota requirement established by the applicable federal and state laws.

For BM&FBOVESPA, attracting and integrating new employees require consistent efforts to recruit and select people aligned with the organizational culture.

In 2012 the company hired 303 people, of whom 205 were employees, 81 were interns, and 17 were PSN.

In 2012 the lowest salary paid to an intern corresponded to 208% of the state minimum wage; for employees the ratio was 199%. It is important to note that no one employed by the company was paid the minimum wage either in 2012 or in previous years. The lowest salary corresponded to 172% and 223% of the state minimum wage in 2010 and 2011 respectively. EC5

Every single employee of BM&FBOVESPA is covered by a collective bargaining agreement. LA4

Number of employees and interns

Position	2010	2011	2012
Executive Officer	36	37	34
Manager	85	94	97
Coordinator	145	152	170
Staff	1.118	1.172	1.141
Intern	78	88	85

Ratio of men's to women's basic salary by employee category LA4

Category	2010	2011	2012
Diretoria	114,44%	92,12%	84,36%
Executive Officers	99,39%	101,09%	100,81%
Managers	95,44%	93,16%	93,39%
Managers	86,12%	83,99%	85,74%

Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other diversity indicators LA13

Gender & ethnicity (absolute numbers)	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
	Men			Women			Black men			Black women		
Exec. Officers	31	30	28	5	7	6	-	-	-	-	-	-
Managers	57	70	77	28	24	20	-	-	1	-	-	-
Coordinators	108	114	128	37	38	42	1	1	1	-	-	-
Staff	771	784	750	347	388	391	18	21	20	4	10	8
Interns	36	54	50	42	34	35	-	-	-	1	-	-
Total	1.003	1.052	1.052	459	491	494	19	22	22	5	10	8

Age & PSN (absolute numbers)	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
		Aged 30 or less			Aged 31-50			Aged 51+			Special needs (PSN)	
Exec. Officers	-	-	-	29	31	28	7	6	6	-	-	-
Managers	4	7	6	73	79	80	8	8	11	-	-	-
Coordinators	25	26	21	104	112	136	16	14	13	-	-	-
Staff	505	516	475	569	606	612	44	50	54	35	72	72
Interns	78	88	85	-	-	-	-	-	-	-	-	-
Total	612	637	587	775	828	856	75	78	84	35	72	72

Quality of life and benefits

The company believes health, leisure, culture and emotional balance exert a significant influence on the team's performance and productivity. It therefore encourages participation in the Quality of Life Program, which extends far beyond legal benefits (prescription drug discounts, life insurance, emergency loans, food vouchers, meal vouchers, childcare vouchers) by offering options that raise awareness of the importance of wellbeing.

Quality of Life Program LA3

The program has three pillars, comprising interlocking activities in work-life balance (Mais Equilíbrio), wellness (Mais Saúde), and leisure and culture (Mais Lazer e Cultura). It completed two years in 2012, proving that action taken to enhance employees' well-being contributed significantly to improvements in the workplace climate. The program includes Facilities Exchange (Bolsa Facilidades), which facilitates access to goods and services that contribute to employee wellbeing through partnerships in sports, culture, recreation and leisure.

Dorival Rodrigues Alves Center

Employee turnover* LA2

By gender (%)	2010	2011	2012
Male	9,51	11,67	13,36
Female	5,13	7,00	7,66

By age (%)	2010	2011	2012
Aged 30 or less	7,39	10,24	12,25
Aged 31-50	6,43	7,91	8,19
Aged 51+	0,82	0,52	0,59

Separations

By gender	2010	2011	2012
Male	139	180	204
Female	75	108	117

By age	2010	2011	2012
Aged 30 or less	108	158	187
Aged 31-50	94	122	125
Aged 51+	12	8	9

* Percentages based on number of employees leaving during year divided by total in December of each year.

Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other diversity indicators LA13

Gender & ethnicity (absolute numbers)	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
	Men			Women			Black men			Black women		
Exec. Officers	31	30	28	5	7	6	-	-	-	-	-	-
Managers	57	70	77	28	24	20	-	-	1	-	-	-
Coordinators	108	114	128	37	38	42	1	1	1	-	-	-
Staff	771	784	750	347	388	391	18	21	20	4	10	8
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		Aged 30 or less			Aged 31-50			Aged 51+			Special needs (PSN)	
Exec. Officers	-	-	-	29	31	28	7	6	6	-	-	-
Managers	4	7	6	73	79	80	8	8	11	-	-	-
Coordinators	25	26	21	104	112	136	16	14	13	-	-	-
Staff	505	516	475	569	606	612	44	50	54	35	72	72
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* Percentages based on number of employees leaving during year divided by total in December of each year.

Dorival Rodrigues Alves Center

Mais Você – Personal counseling and support from a multidisciplinary team (psychologist, social worker, nutritionist, psychopedagogue, lawyer, physical therapist, personal trainer, among others) to help employees and their families deal with difficulties at home, stress, legal problems and parenting. Diets are offered for specific situations (e.g. pregnancy, breastfeeding, convalescence), as well as information on physical fitness. The service is free, confidential and available 24x7 by phone and email. It processed 3,931 cases in 2012.

Espaço Dorival Rodrigues Alves – A new space for use by employees, interns and other professionals who work with the company was unveiled to provide more equilibrium and health with comfort and convenience. The Dorival Rodrigues Alves Center covers all three pillars of the Quality of Life Program (work-life balance, wellness, and leisure and culture), offering nutritional guidance, psychological and medical counseling, massage and a mingling area.

Wellness Pillar (Mais Saúde)

Outpatient Clinics – The company's medical staff provide healthcare services including preventive action against diseases, promotion of lifestyle changes and quality of life, diagnosis and treatment, as well as counseling in special cases. The number of medical and nursing cases processed in 2012 totaled 11,478.

Fitness – To encourage its people to keep fit, the company has an agreement with some units of a chain of fitness centers, which grant discounts on monthly membership fees and waive enrollment fees for employees and interns. Some 600 employees and interns make use of this benefit.

Walking & Running Group – Periodic personalized training for employees and interns, who must take a physical assessment before participating. The company subsidizes 50% of the fees charged by the outside sports counselors who run this program.

Flu Vaccine – An annual flu vaccination campaign is held to protect employees, interns and contractors. Other forms of prevention are reinforced in addition to vaccination. This program benefited 1,375 people in 2012.

Checkup Program – Directors, managers and senior specialists are encouraged to have a checkup annually if aged 50 or more, and every two years if aged 49 or less. The focus is on preventing sickness and promoting wellness. In 2012 the program had 65 participants.

Support for Breastfeeding – This program valorizes the role of women in society and the labor market, as well as contributing to infant development, through comfort and convenience in a space reserved for female staff to continue breastfeeding after they return from maternity leave. The space was used by seven employees in 2012.

Women's Health Week – In 2012 Women's Health Week had 365 participants, who took in-company preventive medical examinations, makeup courses, a relaxation workshop, and short courses on feminine communication and financial planning.

Tobacco Dependence Prevention & Treatment – Launched in 2011, this program completed its first cycle in 2012 with impressive numbers: 13 of the 17 original participants concluded the program and ten have been non-smokers for 11 months, for an effectiveness rate of 77%.

Blood Donation Campaign – Conducted for the second consecutive year in partnership with the blood bank at Hospital Sírio Libanês; 93 employees participated.

Leisure & Culture Pillar (Mais Lazer e Cultura)

Exchange Kids – This program helps children find out more about their parents' workplace, with a full day of games, recreation and educational activities. The number of children who participated in 2012 was 173. The theme was the World of Games. They drew, made fancy dress customs and scenery, and played games, culminating in a great closing game at the end of the day.

Soccer Pitch – BM&FBOVESPA leases a soccer pitch for use by all employees on weekends. Some 50 people play soccer there on average every Saturday.

Soccer Tournaments – The traditional Seven-a-Side Soccer Tournament attracted 200 participants in 2012. Awards were given to the teams that finished in first, second and third place. Each player won a medal and the teams each won a trophy. The top goal scorer and the goalkeeper who conceded the fewest goals also won awards.

Mother's Day and Father's Day – Cultural, leisure and integration activities were part of the commemorations for both dates in 2012. They included exclusive theater performances for mothers and fathers employed by the company, plus guests if they wished. Mother's Day: 300 people. Father's Day: 400 people.

Secretaries Day – In 2012 a workshop was held with 42 secretaries participating. The subject was "The Architecture of Speech" and it discussed the importance of communication in everyday life.

Pension plan: planning for the future

The company offers a defined-contribution pension plan for voluntary participation by all employees.

The plan for employees of BM&FBOVESPA was redesigned in 2012, enabling 167 new participants to join.

The new rules allow employees and the sponsor to invest more in the plan, which now offers more options. Employees who leave the company before the specified retirement date can keep their plans according to the rules stipulated by the bylaws or cancel, in which case they can opt to transfer 100% of the accumulated employee contributions based on length of service or up to 90% of the accumulated sponsor contributions; alternatively they can withdraw 100% of the accumulated employee contributions and up to 50% of the accumulated sponsor contributions based on length of service.

It is important to note that the company has no obligations relating to payments in addition to its contributions as sponsor. Regular contributions are booked under personnel expense for the period during which they are due.

Health and safety

The company's workplace and operations present a low level of risk to health and safety. All employees have access to a corporate health and dental care plan, which also covers spouses and children up to the age of 21, or 24 for university students. In cases of serious illness requiring care not covered by the plan, benefits may be granted on the basis of an individual analysis. LA8

Employees can also use two outpatient clinics located on the company's premises at Praça Antonio Prado and Rua XV de Novembro, and staffed by physicians and nurses every day of the week. The focus is on occupational medicine but urgent care is also available. The company also has discount agreements with pharmacies.

To discuss matters relating to accident and occupational disease prevention, the company has a specialized service comprising a physician and occupational safety technician, as well as an Internal

Workplace Accident Prevention Committee (CIPA) with 18 members corresponding to 1.25% of the total workforce. LA6

The CIPA's main functions are to map all workplace hazards, observe and report risks of accidents, provide employees with guidance on accident prevention, and organize the annual Internal Workplace Accident Prevention Week (SIPAT). In 2012 the number of votes cast was 849, corresponding to 61% of the workforce. Five members and four alternates were elected.LA9

Compensation model

In line with its corporate objectives the company's compensation model aims to assure market-competitive pay levels, attract talent, and retain employees in the medium to long term.

Fixed compensation consists mainly of a salary adjusted annually by collective bargaining agreement with the union that represents the employee's category. Pay awards may also be granted for merit, promotion or extra qualifications. Such awards are generally granted to recognize and reward performance and professional development on the basis of regular individual performance assessments.

Variable compensation consists of semiannual payouts in accordance with the company's profit sharing program (PLR), which establishes potential monthly salary multiples depending on the company's key performance indicators and the employee's seniority and individual performance assessment. All employees are eligible for variable compensation under the rules of the PLR program.

Long-term compensation basically consists of stock options granted under the company's Stock Option Plan to align the interests of executives with the company's objectives and foster retention of key personnel.

Performance management

BM&FBOVESPA employs professionals in accordance with its business philosophy as a public company for which improving processes and delivering results are key priorities.

Performance assessment is a process in which 100% of the workforce take part, in line with the personal development proposition established by the company. The aim is to assure results based on a commitment to merit, considering the planning dimension (what) and the behavior expected for each level and function (how). **LA12**

Each employee's individual performance assessment consists of three structured formal conversations with the employee's manager during the year, one in the first quarter dealing with targets (what) and competencies (how), and the others in mid-year and at year-end for assessment and recognition. The results in both dimensions determine the employee's eligibility for the individual portion of the PRL program agreed with the union.

Measurement starts with self-assessment, which enables employees to reflect on the challenges faced during the period and record their perceptions. The self-assessments are analyzed by managers and departmental meetings are then held to provide feedback. After these meetings, employees access the performance management system to acknowledge receipt of feedback and finalize the process. They then prepare an individual development plan.

In 2012 employees were invited to respond to a satisfaction survey designed to capture more up-to-date perceptions of the feedback received. The number of voluntary respondents was 275, and the issues raised will be addressed as part of the leadership development program.

Training

In 2012 the company continued with its employee training and development initiatives, delivering 485 actions in a range of training modalities with 3,479 participations and 1,302 employees trained, for an average of 29.75 hours per employee. **LA10**

In-company and external face-to-face corporate training consisted of 256 actions with 984 participations, for an increase of 26% compared with 2011.

In external training 27 participations occurred in conferences and other events held abroad, involving 23 participants.

Online training involved 27 actions and totaled 1,141 hours, corresponding to 0.75 training hours per employee. The number of participations reached 258, for an increase of 91.45% compared with 117 in the previous year.

The company also invested in specific training for leaders. The number of actions in 2012 totaled 44, with 717 participations and an average of 27.59 training hours per employee.

The scope of the special induction program called Por Dentro da Bolsa (Inside the Exchange) was extended in 2012 to train employees and interns in the basic concepts that permeate the exchange market, with the aim of ensuring the use of a single language throughout the organization and providing an integrated understanding of its products and services and how they are processed internally.

Constructed by Human Resources in partnership with the BM&FBOVESPA Educational Institute, the program has six modules including both online content and face-to-face meetings. The first step is a self-assessment enabling individuals to identify

	Training modality	No. of employees trained	No. of participations	Total training hours	Total training hours	Average training hours per employee
Leadership training	In company	1,302	717	44	8,304	27,59
Corporate training (all employees)	In company		766	38	7,746	5,07
	On line		224	27	1,141	0,75
	External		218	218	6,045	3,96
Training relating to the company's strategic programs	In company		1,554	158	22,188	14,53
Total		**1,302**	**3,479**	**485**	**45,424**	**29,75**

gaps in their knowledge of the company. The number of participants in this stage was 863 in 2012.

The training modules to be used are identified on the basis of these self-assessments and a review of the requisite knowledge by the directors of the areas concerned.

Face-to-face training began in December with four classes comprising a total of 70 participants. Face-to-face training in all modules of the program will take place in 2013.

Education Incentive Program

The Education Incentive Program facilitates access to higher education (undergraduate and graduate courses) and language courses for professionals with growth potential. The number of participations in 2012 was 248, of which 82 were in MBAs and other graduate courses, 34 in undergraduate courses, and 132 in language courses (English and Spanish).

Training programs relating to strategic projects

Training programs were held during the course of 2012 to support the company's strategic projects, such as implementation of the BM&FBOVESPA PUMA Trading System, the Clearinghouse Integration Project and the new CORE risk system.

These programs consisted of 158 technical training actions, mainly for IT staff, with 1,554 participations and an average of 14.53 hours per employee, up 29.5% compared to 2011.

Support for the clearinghouse integration project also included internal knowledge multiplication training for teams, totaling 20.77 hours.

Human Rights

In 2012 the company continued to deliver on its commitment to analyze and accredit suppliers in accordance with its procurement policy, focusing above all on the mitigation of risks relating to corporate image, labor claims, child labor and slave labor.

In addition, the company requires supplier clearance certificates, credit checks with Serasa Experian, and checks with the Office of the Comptroller General (www.cgu.gov.br) and the Transparency Portal (www.portaltransparencia.gov.br/ceis/SaibaMais). The standard service agreement contains clauses prohibiting conditions analogous to slave labor. At end-2012 it had 319 accredited suppliers, 178 of whom were classified by branch of activity. It should be noted that 56% of the suppliers analyzed and accredited could pose some kind of human rights risk. HR2

Although supplier evaluation focuses mainly on tax, civil and labor law matters in the federal, state and municipal spheres, the policy calls for notification of the responsible manager if any violation of human rights is detected, and for appropriate steps to be taken. To verify these items, moreover, the company requires prospective suppliers to complete a questionnaire prior to a visit to their premises to make sure they have a procurement policy and an underage apprentice program in place. HR6

As in previous years, BM&FBOVESPA registered no cases of discrimination on grounds of ethnic origin, color, gender, religion, ideology, nationality or social origin, and received no reports of child labor or violation of the rights of indigenous peoples in 2012. HR4| HR7 | HR9

6. SUSTAINABILITY [4.1]

BM&FBOVESPA is a pioneer of social, environmental and corporate governance initiatives

World reference in sustainability [4.16 | 4.17]

BM&FBOVESPA has been a pioneer in many aspects of sustainability: in 2004 it was the first exchange in the world to sign up to the UN Global Compact; in 2010 it was the first exchange in any emerging-market country to commit officially to the Principles for Responsible Investment (PRI), an initiative led by institutional investors from several countries in partnership with the UN Global Compact and the UN Environment Program Finance Initiative (UNEP-FI); and it was the first exchange in the world to become a GRI organizational stakeholder, also in 2010. GRI is a network that sets internationally accepted standards and develops strategic recommendations to enhance sustainability reporting.

In addition, to encourage analysts to take socio-environmental and corporate governance issues into account in their assessments of stock prices and investment decisions, at the start of 2011 the Exchange issued its first Integrated Annual Report encompassing both financial and non-financial information in a single document at a meeting with the Brazilian Association of Capital Market Analysts & Investment Professionals (Apimec).

In early 2012 BM&FBOVESPA adopted Report or Explain guidance recommending that listed companies state in the Reference Form whether they publish a regular sustainability report and if not, why not. The first results of the initiative were published during Rio+20, the UN Conference on Sustainable Development held in June. A new update in October resulted in more than 50 companies announcing sustainability reports or explaining their absence.

Also at Rio+20, BM&FBOVESPA, Nasdaq OMX, the Johannesburg Stock Exchange, the Istanbul Stock Exchange and the Egyptian Exchange signed a pledge to promote long-term responsible investment and work for the re-

porting of social, environment and corporate governance information by companies listed on these exchanges, within the scope of the UN's Sustainable Stock Exchanges initiative (SSE).

BM&FBOVESPA also participated in the 18th UN Climate Change Conference, COP-18, held at Doha (Qatar).

Recognition

Best Sustainable Stock Exchange 2012
BM&FBOVESPA won the Exchanges & Brokers Award for the Best Sustainable Stock Exchange in Latin America from *World Finance*, a leading financial magazine produced in London.

Sustainable Stock Exchanges – Progress Report
Alongside the Johannesburg Stock Exchange, BM&FBOVESPA was named a world reference in sustainability by *Sustainable Stock Exchanges – A Report on Progress*, a publication commissioned by Aviva Investors and supported by PRI, the Global Compact and UNCTAD.

50 Empresas do Bem
In its May 30 issue, the business magazine *IstoÉ Dinheiro* published 50 case studies showing how some of the leading companies in Brazil have made social and environmental responsibility a key part of their business models. BM&FBOVESPA features on the list of Empresas do Bem ("Companies for Good") in the Partnership category, with its Corporate Sustainability Index (ISE) and Environmental & Social Exchange (BVSA).

CDP Investors Brazil 2012
For the first time the report by the Carbon Disclosure Project (CDP) scored and ranked Brazilian companies by their capacity to assess and manage the impact of climate change on their business activities. Of the 52 Brazilian companies that responded to the survey questionnaire, BM&FBOVESPA ranked among the top ten in the categories Disclosure and Performance.

CDP is an independent nonprofit organization that holds the largest global collection of self-reported corporate climate change data.

Sustainable development initiatives

Novo Valor website

Promoting sustainable development is a key priority for BM&FBOVESPA. One of the company's most important sustainability initiatives is the **Novo Valor website (**www.bmfbovespa.com.br/novovalor), which offers information on the Exchange's sustainability and social investment indicators and projects. The website engages with investors, companies and brokerage houses to promote the sustainable development of the capital markets, and by extension of Brazil and the world.

"In Good Company" Corporate Sustainability Program

In accordance with its guidelines and principles, in 2012 the company maintained the Em Boa Companhia ("In Good Company") Corporate Sustainability Program to promote continuous relations with business organizations through a range of initiatives including the sharing of information by means of newsletters and other publications and face-to-face meetings with experts in sustainability.

Details of the sustainability projects implemented by companies listed on BM&FBOVESPA can be found at www.bmfbovespa.com.br/emboacompanhia. Private-sector initiatives contribute decisively to Brazil's sustainable development.

Corporate governance and sustainability indexes and funds

BM&FBOVESPA maintains a number of indexes that track the performance of companies committed to best practice in social responsibility and sustainability.

In 2012, in addition to maintaining the Special Corporate Governance Index (IGC), the Corporate Governance Trade Index (IGCT), the Special Tag Along Index (ITAG), the Corporate Sustainability Index (ISE) and the Carbon Efficient Index (ICO2), as well as the IT Now ISE and IT Now IGCT exchange-traded funds (ETFs), the Exchange launched the Special Corporate Governance Index – Novo Mercado (IGNM).

Governance

- Special Corporate Governance Index – Novo Mercado (IGNM) – Tracks a theoretical portfolio comprising the stocks of companies that voluntarily adopt high corporate governance standards and are listed on the Novo Mercado segment.

- Special Corporate Governance Index (IGC) – Tracks companies listed on this segment and since its launch has consistently outperformed the Ibovespa.

- Corporate Governance Trade Index (IGCT) – Tracks the stocks of IGC companies that meet specific liquidity criteria, such as actively trading in at least 95% of trading sessions during the previous 12 months.

- Special Tag Along Index (ITAG) – Tracks a theoretical portfolio composed of stocks issued by companies that offer minority shareholders better terms than those required by law in the event of a sale by majority shareholders.

- IT Now ISE – Based on the Corporate Sustainability Index (ISE), this exchange-traded fund (ETF) tracks the return on a portfolio comprising stocks issued by companies with a recognized commitment to social responsibility and sustainability.

- IT Now IGCT – Based on the Corporate Governance Trade Index (IGCT), this EFT tracks the stocks of companies that voluntarily adopt high corporate governance standards (listed on the Level 1, Level 2 and Novo Mercado segments) and meet the criteria for inclusion established in its methodology.

Sustainability

- Carbon Efficient Index (ICO2) – Tracks the stocks of IBrX-50 companies that agree to participate and undertake to submit greenhouse gas inventory data for publication on the Em Boa Companhia website (www.bmfbovespa.com.br/emboacompanhia).

- Corporate Sustainability Index (ISE) – Tracks the return on a portfolio of stocks issued by companies with a recognized commitment to sustainability. Launched in 2005, the ISE has become a benchmark for sustainable management practices in Brazil and worldwide. Companies must complete a specific questionnaire in order to be included in the ISE's portfolio.

ISE upgrades – In 2012, as part of its permanent pursuit of excellence, the Exchange presented the main points of the new base questionnaire for evaluation of companies that apply for inclusion in the eighth ISE portfolio. Among these was the addition of an open-ended text field for each indicator in the questionnaire to enable companies to add any information deemed necessary to the multiple-choice answers. The new features are designed to increase transparency in response to society's demands, especially from analysts and investors. The number of companies that authorized publication of their answers to the ISE questionnaire on the Exchange's website rose to 14, from eight in 2011.

BM&FBOVESPA and KPMG agreed to a pro bono partnership to provide limited assurance on the ISE process.

GIFE, an umbrella organization of charitable foundations and corporate grantmakers in Brazil, and IBRACON, the Brazilian Institute of Independent Auditors, took seats on ISE's Board of Governors (CISE). With representatives of nine institutions, CISE is chaired by BM&FBOVESPA.

Survey on the Value of the ISE – Main Studies & Investor Perspectives – Commissioned by the Exchange from the Getulio Vargas Foundation's Sustainability Research Center (GVces), this study entitled "Survey on the Value of the ISE – Main Studies & Investor Perspectives" reviewed the history and current status of sustainable and responsible investment (SRI), highlighting key trends in SRI, factors that contribute to investment decisions and the importance of transparency. The purpose was to understand how the ISE can contribute to investment analysis and its potential value creation for investors, companies and society.

The survey covered 12 pension funds with R$260 billion under management, or some 45% of the estimated total assets held by pension funds in Brazil. The survey findings, presented at a seminar on "The Value of Indexes and Reports" held in November 2012 on the occasion of the announcement of the new ISE portfolio, showed that 75% of the respondents used the questionnaire answered by companies on applying for inclusion in the ISE in their investment analysis, or planned to use it in the next 12 months. The publication, which is available at www.isebvmf.com.br, also compiled and analyzed the findings of several other studies of the subject produced in Brazil and elsewhere.

2012 milestones

January

Report or Explain

BM&FBOVESPA begins recommending that listed companies state in the Reference Form whether they publish a regular sustainability report or a similar document and if not, why not. The numbers are announced at Rio+20.

Workshops in partnership with Global Reporting Initiative (GRI)

The Exchange partners with GRI to hold training workshops on the production of sustainability reports to facilitate adoption of Report or Explain. Five workshops are held, with a total of 140 participants.

February

Integrated annual report published

For the second consecutive year BM&FBOVESPA publishes an integrated annual report with financial, social and sustainability results according to GRI guidelines (level C GRI checked).

March

Environmental & Social Exchange (BVSA)

BVSA's scope is widened to include projects focusing on the eight Millennium Development Goals (MDG) established by the UN. The site becomes more interactive, with new functions and 15 new projects.

ISE workshop

The proposals approved by the ISE's board are presented at the inaugural meeting of the 2012 ISE process on March 6. Other announcements include the 2012 timetable of activities and events. The start of the online public consultation to enhance the questionnaire is brought forward so that the results can be used in workshops and discussions on Rio+20.

April

In Good Company Corporate Sustainability Program

The first meeting of the year is held. The main items on the order of business are the Report or Explain initiative and the nature of sustainability reports, why companies should publish them and future tendencies. The event is attended by 74 people.

ISE workshop and online public consultation

Activities are conducted in partnership with the Getúlio Vargas Foundation (FGV), including three workshops to review the ISE questionnaire in the seven dimensions evaluated. The online public consultation takes place between March 6 and April 5.

May

Greenhouse gas inventory

BM&FBOVESPA publishes its 2011 greenhouse gas inventory. GHG emissions totaled 2,843.3 metric tons of carbon dioxide equivalent (MT CO_2e). As is typical for organizations in the financial services sector, the Exchange's direct emissions (Scope 1) are much lower than its Scope 2 and 3 emissions. The company's GHG inventory was carried out with the support of ICF International and checked by KPMG. The data are available at www.registropublicodeemissoes.com.br.

ISE face-to-face public consultation

A hearing takes place for public consultation regarding the 2013 ISE on May 21.

June

Agreement signed with São Paulo State Government, its Department of the Environment and its Environmental Agency (Cetesb) to study and propose institutional and regulatory measures required to develop the market for environmental assets.

First results of Report or Explain

The first results of the Report or Explain initiative are announced at Rio+20: of the 448 companies analyzed (base for the May 7, 2012, trading session), 203 joined the initiative, and 71 of the 94 companies tracked by the IBrX Index took part.

Sustainable Stock Exchanges (SSE) commitment

At Rio+20 BM&FBOVESPA, Nasdaq OMX, the Johannesburg Stock Exchange, the Istanbul Stock Exchange and the Egyptian Exchange sign a pledge to promote long-term responsible investment and work for the reporting of social, environment and corporate governance information by listed companies.

PRI in Person conference

BM&FBOVESPA participates in PRI in Person, an annual responsible investment conference hosted by PRI in Rio de Janeiro.

August

Individual meetings with ISE companies

Meetings are held with ISE 2012 participant companies in partnership with FGV between June and August.

October

52nd General Assembly and Annual Meeting of the World Federation of Exchanges (WFE)

BM&FBOVESPA participates in a panel session on sustainability at the WFE's annual meeting, held in Taipei (Taiwan), as a follow-up initiative to the agreement signed at Rio+20.

Extra update to Report or Explain data

As part of the campaign to encourage companies listed on BM&FBOVESPA to report sustainability-related information voluntarily to stakeholders, the data for October are compared with the data for May, showing that the number of companies publishing sustainability reports or similar documents , and of companies who do not do so but explain why not, has increased 12.64% in five months. In other words, 50 more companies have joined the initiative.

November

2nd In Good Company meeting

The second seminar on "The Value of Indexes and Reports" is held to present the 2013 ISE, with 140 attendees. The novelty this year is a partnership between BM&FBOVESPA and KPMG to provide limited assurance on the ISE process.

ISE 2013 portfolio by numbers

100%	of the companies in the portfolio have formally inserted a commitment to sustainable development in their strategies.
97%	have programs to raise awareness and educate the public on sustainability.
92%	have formally and publicly issued a broadly legitimated voluntary commitment to sustainable development involving all units, subsidiaries and affiliates.
89%	have an executive body or steering committee responsible for sustainability that reports to top management.
100%	have published sustainability reports in the past year.
92%	use the GRI guidelines as a basis for their reports.
43%	of the companies that use variable compensation for top management (board of directors and executive officers) link this compensation to the company's socio-environmental performance.
54%	of the companies that use variable compensation for line managers also link this compensation to the company's socio-environmental performance.

Sustainability Policy

The Sustainability Committee, chaired by the CEO, approves the company's Sustainability Policy.

December
COP-18
BM&FBOVESPA participates in the 18th UN Climate Change Conference, COP-18, at Doha, Qatar, from November 26 to December 7, as an observer with the Brazilian delegation led by the Ministry of Foreign Affairs. The conference agreed to extend the Kyoto Protocol until 2020.

Social Responsibility Day
The Exchange donates part of the fees earned on a day's equity trading to the private social investment projects listed on BVSA. In annual terms 50% of its donations are distributed equally to all projects and 50% to the projects chosen by brokerage houses via a voting hotsite.

Greenhouse gas emission offset
The Sustainability Committee approved the 2011 greenhouse gas emission offset amounting to 2,843.3 metric tons of carbon dioxide equivalent (MT CO_2e).

Management in synergy with the interests of society and the planet

BM&FBOVESPA considers sustainability a new management model that inspires the conduct of business activities in synergy with the present and future interests of society and the planet. The company is permanently committed to the mission of inducing, promoting and practicing the concepts and actions of economic, social and environmental responsibility in order to contribute to sustainable development.

The company's organizational structure includes a Sustainability Department established with the aim of ensuring this approach is an integral part of its management of the business in four dimensions:

- **Management of natural resources –** focusing on ecoefficiency gains;
- **Products & services –** building sustainability into products and services in partnership with business areas;
- **Governance –** inducing best practice by the market and integrating the concept into internal governance;
- **Relationships –** stakeholder engagement.

Two other multidisciplinary spheres of governance manage sustainability in addition to the department – the Sustainability Committee, responsible for strategic guidelines and approval of macro-initiatives, and the Sustainability Task Force, which proposes and manages the agenda. The department's remit also includes managing the social investment programs developed by the BM&FBOVESPA Institute.

The Exchange has also put several important measures in place to promote ecoefficiency:

- **GHG inventory –** BM&FBOVESPA conducted its first inventory of greenhouse gas emissions in 2010, based on data for 2009. Since 2010 the GHG inventory has been verified by a third party in order to assure evolution of the process. The 2012 inventory, based on data for 2011, was conducted in partnership with ICF International, a US-based consulting firm that specializes in climate change policy, and checked by KPMG. The 2012 inventory has not yet been produced, as the process will begin in January 2013. The findings will be published in May.

- **Selective waste collection and recycling –** All workstations and corridors on every floor of BM&FBOVESPA's buildings have selective waste collection bins to enable comprehensive recycling. All materials including batteries are collected for recycling. The money earned from the sale of recycled material is donated to social projects chosen by employees, interns and contractors. In 2012 the institution selected was Instituto Tempo de Ajudar (ITA) in São Paulo.

- **Use of certified paper –** All publicity material, stationery and printing paper used by BM&FBOVESPA are certified by the Forest Stewardship Council (FSC).

- **Use of ecoefficient equipment –** BM&FBOVESPA uses only energy-efficient light bulbs, smart air conditioning and next-generation elevators.

- **Green tech –** Computer monitors that generate less heat and consume less energy are prioritized, and servers are virtualized.

- **Bicycle parking –** A bicycle parking facility with lockers and changing rooms has been opened as yet another initiative to reduce GHG emissions. Employees are encouraged to make sustainability part of their day-to-day routine in this way.

- **Car pool and bicycle messengers –** The Carona Solidária ("Solidarity Car Pool") Program encourages employees to share their cars with co-workers via the Caronetas ride sharing website (www.caronetas.com.br/bmfbovespa). The Exchange also uses bicycle messenger services provided by Carbon Zero Courier.

Constant awareness raising and education of the workforce are priorities for BM&FBOVESPA, which regularly launches new initiatives for this purpose. The 2012 highlight was the creation of a Sustainability Chat for agile interaction with employees.

The company also has a long track record in social investment. This activity is managed by the BM&FBOVESPA Institute.

BM&FBOVESPA Institute – engagement and partnerships for private social investment[EC1]

Private social investment activities are managed by the BM&FBOVESPA Institute, a public-interest civil society organization (OSCIP) whose mission is to contribute to national development through initiatives in education, welfare, culture, sports and socio-environmental responsibility.

The São Paulo and Rio de Janeiro Job Training Association, the Environmental & Social Investment Exchange (BVSA), the Athletics Club, the Sports & Cultural Center and the voluntary service program are the pillars of the BM&FBOVESPA Institute. The company believes these concrete actions contribute significantly to social inclusion and development.

The 2012 highlights included BVSA and the Athletics Club.

BVSA

With a format similar to a stock exchange, BVSA offers a portfolio of rigorously selected social and environmental projects run by NGOs throughout Brazil for online donation in a secure and transparent virtual environment.

In 2012 BVSA's scope was extended to include projects that focus on the eight Millennium Development Goals established by the UN: eradicate extreme poverty and hunger, achieve universal primary education, promote gender equality and empower women, reduce child mortality, improve maternal health, combat HIV/AIDS, malaria and other diseases, ensure environmental sustainability, and develop a global partnership for development.

The website (www.bvsa.org.br) is more interactive and has new functions such as the possibility of donating from overseas. Eleven projects are currently available for donation. BVSA is officially supported by UNESCO.

The launch event was attended by Jorge Chediek of the United Nations Development Program (UNDP) and singer Daniela Mercury, the program's godmother.

BM&FBOVESPA Athletics Club

The BM&FBOVESPA Athletics Club fosters social inclusion, develops new talent and is a home for professional athletes who constantly represent Brazil in major international competitions.

The launch event was attended by Daniela Mercury, the program's godmother

The Club's partnerships advanced in 2012. Pão de Açúcar, a longstanding partner, extended its sponsorship of 20 athletes to institutional sponsorship of the Club, covering its medical and technical staff as well as all athletes. A new partnership began with Caixa Econômica Federal, which also became an institutional sponsor.

Besides the partnerships mentioned, the City of São Caetano do Sul renewed its longstanding sponsorship. This partnership earned 11 titles at the São Paulo Interior Open Games and is also supported by Nike.

In 2012 the Club celebrated its tenth anniversary by unveiling a brand-new Training Center in São Caetano do Sul on land granted by the city. At a total cost of some US$10 million, this is the first training center in Brazil designed as a smart building, with an integrated complex comprising an indoor gymnasium, outdoor track and complete facilities for the athletes (weight room, physical therapy, nutrition, psychology, changing rooms, press room, administrative offices and storerooms).

As a sustainable building, its gymnasium's foundations were strengthened with demolition material from the old gym that previously existed on the site, it has a pervious parking lot, and stormwater runoff is collected and used to water the gardens and clean the floors. It has a selective waste collection point, and air conditioning is not required in the training areas.

In 2012 the BM&FBOVESPA Athletics Club won the Brazil Trophy for the 11th consecutive year.

In addition, its athletes accounted for a third of the track and field participants at the London Olympics. Twelve of the 36 athletes entered by the Brazilian Athletics Confederation belong to the Club, including Fabiana Murer, Marílson Gomes dos Santos and Mauro Vinícius Hilário da Silva, known as Duda. The Brazilian Olympic delegation also included the Club's head coach, doctor, physical therapist and psychologist.

Social investment actions

Cultural and sport initiatives in Paraisópolis

Fifth Library Week

The staff of libraries and other institutions in the Paraisópolis community hold this annual event to stimulate residents to read and take part in cultural activities. In 2012 the theme was Afro-Brazilian culture, and 1,500 children, youngsters and professionals engaged in social projects and public school teachers participated.

Seventh Culture Show

A grand science and culture expo organized by the main social organizations and public schools in the area, this event is supported by the BM&FBOVESPA Institute, which is also on the Organizing Committee. In 2012 the theme was "I change the world – be the change you want to see in the world". The number of participants totaled 5,376.

BM&FBOVESPA Sports & Culture Center's First Olympiad

Six hundred children from the Paraisópolis community took part in educational, cultural and sporting activities, as well as "green initiatives" such as a campaign to collect batteries, tree planting and distribution of seedlings. The event also included an exhibition of photographs.

IBM lectures

IBM volunteers presented a series of lectures with the aim of arousing the interest of young people in mathematics, engineering, science and technical careers. Thirty-five youngsters from the Job Training Association and the Sports & Cultural Center took part.

SENAI Knowledge Olympics

Three youngsters from the Job Training Association participated in the gardening contest. Two won gold medals and went through to the international stage scheduled for 2013, as well as a bronze medal from WorldSkills Americas.

Voluntary service

In Action Day

In Action is the BM&FBOVESPA Institute's program to promote engagement by employees as volunteers in social projects. In 2012 the focus was on painting walls and gardening at **Icrim** (Instituto de Apoio à Criança e ao Adolescente com Doenças Renais), which helps the families of children with kidney disease, and **Abrace** (Associação Brasileira para o Adolescente e a Criança Especial), which helps children with special needs. Sixteen people participated in the physical transformation of these spaces, including employees, interns, contracts and their families.

Book Club

Volunteers from the Exchange worked with young multipliers from Instituto Fernand Braudel to encourage children to read at the BM&FBOVESPA Sports & Cultural Center in Paraisópolis, reading stories or books in circles organized by age group. Three volunteers and 25 children or young adults took part in each meeting on average.

Lunch with volunteers

Annual lunch hosted by the CEO of the Exchange, who is also the president of BM&FBOVESPA Institute, to celebrate with volunteers and recognize the time and energy they donate during the year.

Programs and projects 2012 SO1

Name	Scope	2012	2011	2010
Environmental & Social Investment Exchange (BVSA)	Reproduces stock exchange environment, connecting donors to Brazilian NGOs' social and environmental projects.	R$473,000 donated to 15 listed projects.	R$543,000 donated to 13 listed projects. R$64,000 donated to 16 new projects first listed in January 2012.	R$645,000 donated to 19 listed projects.
BM&FBOVESPA Sports & Cultural Center	Located in Paraisópolis (SP), provides sports, arts and culture for 6-18 year olds to foster integral development and houses Norberto Bobbio Library with some 2,500 titles.	Average of 800 children and adolescent users, with 1,045 book loans to 232 people.	Average of 800 children and adolescent users, with 930 book loans to 309 people.	Average of 800 children and adolescent users, with 2,415 book loans to 694 people.
BM&FBOVESPA Job Training Association	Vocational training and personal development for low-income youth in São Paulo and Rio de Janeiro to enhance employability.	217 participants in São Paulo and 287 in Rio de Janeiro.	252 participants in São Paulo and 287 in Rio de Janeiro.	251 participants in São Paulo and 269 in Rio de Janeiro.
Philanthropy	Institutional support for civil society organizations in health and social service.	20 institutions received R$438,000.	27 institutions received R$582,000.	69 institutions received R$1,35 million.
BM&FBOVESPA Athletics Club	Contributes to national development through social inclusion and training for high-performance athletes.	Team of 79 athletes. Out of 36 athletes entered for the London Olympics, 12 were from the Club, including Fabiana Murer and Marílson Gomes. Eleventh consecutive win of Brazil Trophy, plus two Brazilian and two South American records.	Team of 89 athletes, including Fabiana Murer and Marílson Gomes. Tenth consecutive win of Brazil Trophy, Interior Open Games and Regional Games.	Team of 111 athletes. Ninth consecutive win of Brazil Trophy, Interior Open Games and Regional Games; silver medal in Youth Olympics. ornerstone of Training center unveiled at São Caetano do Sul (SP).

Future actions and commitments

Sustainability Policy
BM&FBOVESPA's Sustainability Policy was drawn up and approved by the Sustainability Committee in 2012. In 2013 it proceeds to the Board of Directors for approval and dissemination throughout the company.

Voluntary Service Program
In 2013 BM&FBOVESPA will draw up a voluntary service policy for employees, interns and contractors to bolster activities in the area.

Voluntary commitment by stock exchanges
Work will continue and intensify to assure broader engagement with sustainability-related issues by the World Federation of Exchanges (WFE).

GRI Stakeholder Council
BM&FBOVESPA will broaden its action to promote transparency and disclosure of non-financial information through a significant new representative position: the Exchange has been elected to serve a three-year term on the GRI Stakeholder Council.

7. MARKET STRENGTHENING

BM&FBOVESPA's growth has always been driven by technological innovation and the introduction of products and services that provide liquidity and security for all investors

Operating efficiency

The company believes strongly in the development and growing sophistication of its markets. It has therefore invested in new technology, products and services to offer investors and participants instruments that are more effective and secure.

The highlights in 2012 were the process of migration from Mega Bolsa to the BM&FBOVESPA PUMA Trading System, the market launch of the clearinghouse integration program, and new product and service launches.

PUMA Trading System

The multi-asset trading platform developed in partnership with CME Group is one of the linchpins of BM&FBOVESPA's growth, since it will replace all existing trading systems. In 2012, as planned, migration of trading in equities and equity derivatives from Mega Bolsa was supported by mock trading sessions, in which all market participants were required to participate, with the aim of validating and certifying the solutions that interact with the PUMA Trading System, as well as internal and external testing.

Development of the PUMA Trading System continues. It will replace not only Mega Bolsa but also GTS (derivatives and spot foreign exchange), integrating them into a single platform with high processing capacity and very low latency.

Clearinghouse integration

In 2012 BM&FBOVESPA intensified work on the integration of its existing clearinghouses – for equities, derivatives, bonds and foreign exchange – into a new unified platform that will be extremely secure and robust, based on a faster data processing architecture with the capacity to process more than 10 million trades per day and calculate risk in real time.

One of the highlights of this project is CORE (Close-Out Risk Evaluation), a system developed to minimize the risks to which a central counterparty is exposed and maximize efficiency and robustness.

Clearing activities involve several areas of the Exchange, such as settlement, risk control, collateral management, fees, the central securities depository, registration, the integrated broker management system (Sinacor) and IT. This means the projects are interrelated and occur simultaneously.

In 2013 the development stage will be completed and migration from the derivatives clearinghouse to the new structure will begin. Migration of the equities clearinghouse is scheduled for 2014.

Pre-Trade Risk Control

In 2012 BM&FBOVESPA developed a tool called Pre-Trade Risk Control to control the risks associated with high-frequency trading (HFT). This tool will be used to avoid events such as the 2010 "flash crash" on US stock exchanges.

OTC platform

The over-the-counter (OTC) market is growing rapidly and generating indirect demand for exchange-traded products. In line with this trend BM&FBOVESPA developed new functionality in partnership with US-based application software provider Calypso Technology, Inc., to make OTC trading more agile and flexible at costs that meet market expectations.

IPOs and follow-on offerings

For the equity market BM&FBOVESPA offers four special listing segments: Novo Mercado, Corporate Governance Levels 1 and 2, and Bovespa Mais, each with specific corporate governance requirements in addition to the mandatory standards provided for by Brazilian corporation law (Lei das SAs).

In 2012 three initial public offerings (IPOs) were held, two on Novo Mercado and one on the traditional segment, as well as nine follow-up offerings, seven on Novo Mercado, one on Level 1 and one on Level 2.

The number of companies listed on Bovespa Mais reached three when Senior Solution joined the two companies already listed, Nutriplant and Desenvix Energias Renováveis.

Products and services

In 2012 BM&FBOVESPA's focus in fixed income was on facilitating access to the bonds issued by the National Treasury, offering new functionality for investors in Tesouro Direto and incentives to brokerage houses that distribute this product.

In the variable income markets, the company enhanced its securities lending system (BTC), intensified its market maker programs for options on other securities with high liquidity, and launched new indexes and Brazilian Depository Receipt (BDR) programs.

Cross-listing of products licensed by other exchanges, especially derivatives, developed further in 2012 with the launch of futures contracts with CME Group and indexes for BRICS exchanges (Brazil, Russia, India, China and South Africa).

New product launches

- Indexes
  Corporate Governance Index – Novo Mercado (IGNM)
  FTSE/JSE Index (Johannesburg Stock Exchange)
  Hang Seng Index (Hong Kong Exchange)
  Micex Index (Micex-RTS)
  Real Estate Investment Fund Index (IFIX)
  Sensex Index (Bombay Stock Exchange)
  Unsponsored BDR Index – Global (BDRX)

- ETFs
  Caixa ETF Ibovespa Index Fund
  iShares ICO2 Carbon Efficient Index Brazil Index Fund
  iShares UTIL Public Utilities Brazil Index Fund
  IT Now IDIV Dividend Index Fund
  IT Now IMAT Basic Materials Index Fund

- BDRs
  In 2012, 30 new Unsponsored Level I BDR programs were launched, ten each by Banco Bradesco, Citibank and Deutsche Bank. LAN Airlines traded under a Sponsored Level III BDR.

- Derivatives
  Cash-Settled Futures Contracts Referencing the Sensex Index (Bombay Stock Exchange), the FTSE/JSE Top40 (Johannesburg Stock Exchange), the Hang Seng Index (HK Exchange), and the Micex Index (MICEX-RTS).
  Cash-Settled Soybean Futures Contract at the Price of the CME Group Mini-Sized Soybean Futures Contract
  S&P 500 Futures Contract Settled in Cash to the CME Group S&P 500 Quotation

Market makers

Market makers are participants who undertake to guarantee minimum liquidity and facilitate price discovery for a certain number of assets accredited for this purpose, playing a key role in the efficiency of the capital markets.

In 2012 BM&FBOVESPA held competitive biddings to select market makers for:

- The S&P 500 Futures Contract Settled in Cash to the CME Group S&P 500 Quotation
- Options on the Stocks of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros (BVMF3) and Usinas Siderúrgicas de Minas Gerais S.A. – Usiminas (USIM5)
- Options on the Stock of Companhia Siderúrgica Nacional (CSNA3)
- Options on the Stocks of OGX Petróleo e Gás Participações S.A. (OGXP3) and Itaú Unibanco Holding S.A. (ITUB4)
- Options on the Stocks of Banco Bradesco S.A. (BBDC4), Gerdau S.A. (GGBR4) and Banco do Brasil S.A. (BBAS3)
- Options on Ibovespa Index (IBOV)

Market development events

Third Brazil-China Capital Markets Forum

BEST Europe 2012

Third Forum on Capital Markets Ombudsmen

Seminar for Issuers, Investors and Self-Regulatory Organizations: Prospects for the New Market

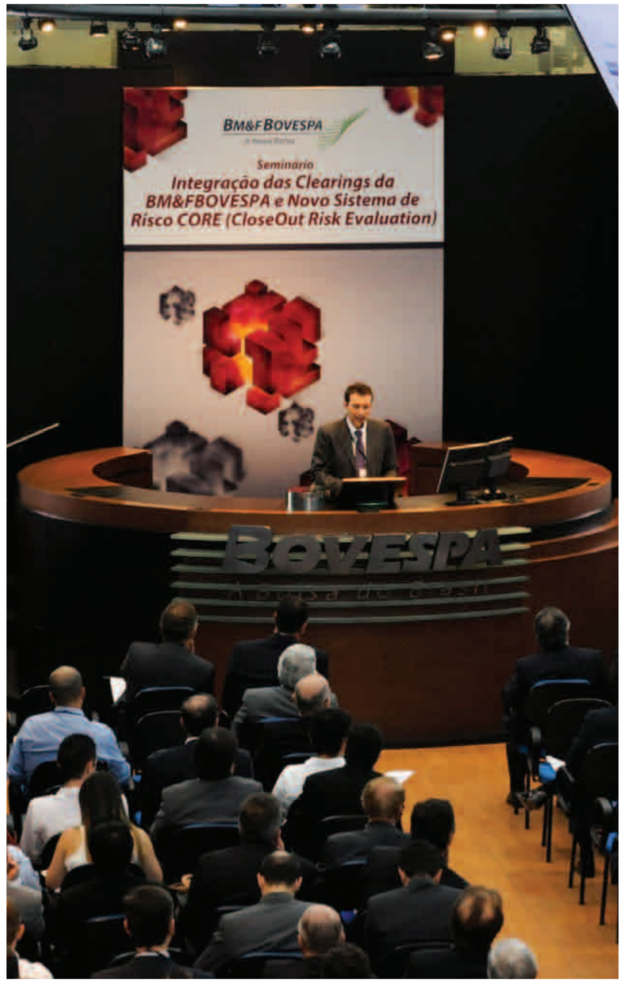
Seminar on Clearinghouse Integration and the New CORE Risk System

FIAB Seminar: Exchanges and Market Popularization Initiatives for Retail Investors

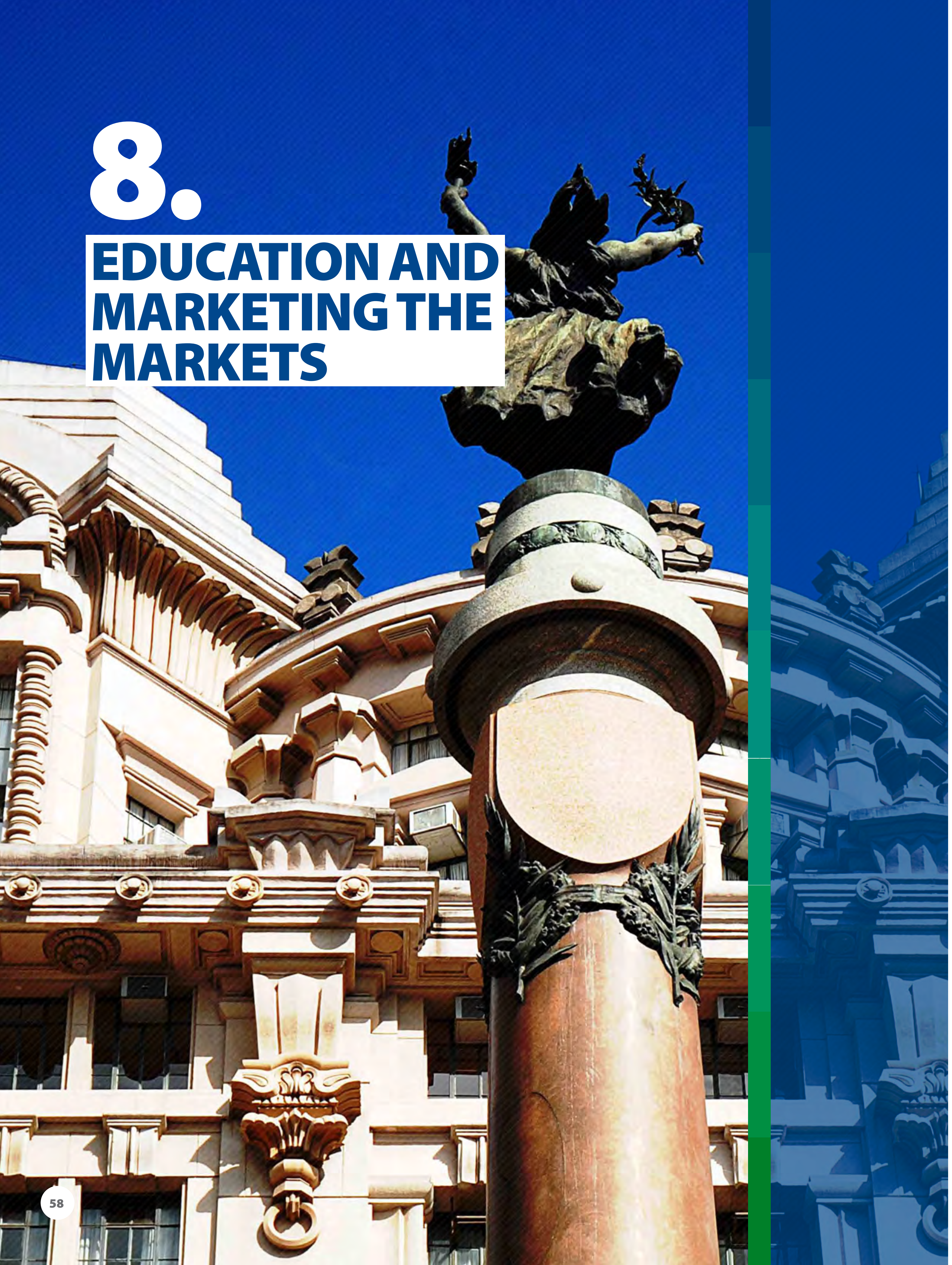
Seminar on Prospects for Small Caps

Seminar on Prospects for Agribusiness in 2012 and 2013

Seminar on the Mergers & Acquisitions Committee (CAF)



Opening Remarks Seminar on Clearinghouse Integration and the New CORE Risk System



8. EDUCATION AND MARKETING THE MARKETS

BM&FBOVESPA invests in financial education programs for a variety of audiences

Conscious investment

BM&FBOVESPA takes knowledge to millions of people through face-to-face courses and educational programs, broadcast and online TV programs, and social networks, making the Brazilian exchange one of the largest in the world's exchange industry in terms of educational activities.

To address the challenge of making the equity market more accessible to all Brazilians who want to be partners in national growth, and to foster a culture of long-term investment, BM&FBOVESPA offers a range of programs in which **information** and **financial education** are the key words.

Based on the conviction that a successful financial future is built with information and education from an early age, BM&FBOVESPA targets young people with some of its activities, such as the programs Educar ("Educating") and Dinheiro no Bolso ("Money in Your Pocket"). For adults it offers face-to-face and online courses, simulators, and a weekly financial education program on TV Cultura, a public broadcaster.

Main programs

Visits to the Exchange – Raymundo Magliano Filho Visitor Center

Located on the ground floor of the building on Rua XV de Novembro, the Visitor Center welcomes 450 people a day on average. Visitors watch a 3D institutional video, presentations and a mock trading session. The number of visitors totaled 92,819 in 2012.

BM&FBOVESPA Goes Where You Are

Visits to institutions (companies, universities, associations), trade shows and other events to disseminate information about the investment options offered by the Exchange. In 2012 the program completed ten years and benefited 6,402 people.

BM&FBOVESPA Challenge

A competition that simulates the capital markets for students of public and private high schools throughout São Paulo State. The project has involved more than 13,000 people since its creation. In 2012 the number of schools enrolled reached 401 and the number of participants was 1,039.

Educar

This program delivers lectures and financial education courses free of charge to different audiences of children, youth and adults. Its 346 courses had 16,890 participants in 2012.

Exchange Kids

Financial education portal for children and videos aired on the Futura TV channel. In 2012 the portal had 8,582 registered children and recorded 9,688 visits.

Courses and institutional presentations

In addition to Educar, the company offers online courses on personal finance and the stock market, as well as institutional presentations. The tables below show the numbers of participants in 2012.

Institutional presentation attendees

High school students	2,290
University students	6,402
Companies	4,360
General public	781
Total	13,833

Participants in course on "How to invest in shares"

Total	8,114

Participants in online courses

Financial Education & Personal Finance	89,587
Stock Market	63,804
Total	153,391

Participants in online chats

Total	919

Women in Action

This program encourages women to use the investment options offered by the Exchange. The web portal presents spreadsheets to control expenditure, educational videos and forums. In 2012 it published 106 articles and recorded 59,364 visits.

Simulators

The Exchange has created simulators in partnership with several institutions to enable anyone to learn how to invest in stocks, bonds or derivatives, and how to diversify and grow a portfolio. The user receives a virtual amount of cash and can simulate securities trades in real time, create an investment portfolio, and win prizes.

Simulator	Participants
Futures	82,554
Folhainvest	821,318
Uol Invest	217,096
SimulAção	164,110
Exame	21,692
Banco do Brasil*	21,905
Valor Econômico*	6,028
Tesouro Direto	275,160
Total	1,609,863

*Launched in October and December 2011 respectively.

Financial Education TV

Aired every Saturday by TV Cultura, a public broadcaster, with an average audience of 86.625 viewers. The program's website recorded 146,211 visits in 2012.

Money in Your Pocket

This TV program in competition format for young people produced by Futura channel in partnership with BM&FBOVESPA encourages the new generations to consume consciously and manage their assets responsibly, transmitting concepts in economics, finance, investment, the stock market, credit and entrepreneurship in an attractive and playful manner.

BVMF TV and social networks

The Exchange's website offers a large number of videos with information on its products, local and international events, and many other services. It also offers high-quality financial education content. BVMF TV recorded 6,148,520 direct hits in 2012, as well as 132,525 via MSN and 102,231 via YouTube.

The Exchange also increased its social network presence in 2012, ending the year with **186,274** followers on Facebook, Twitter and LinkedIn.

Several free apps can be downloaded from BM&FBOVESPA's website with information on its markets, real-time indexes, stock quotes, commodities and futures, as well as charts and news. The apps are also available on social networks.

Publications

BM&FBOVESPA produces several electronic bulletins with information on its markets and indexes. Users can register to receive email notifications when bulletins are available on the website.

The Exchange also periodically publishes informational leaflets about its markets and services, supporting material for the various courses it offers, and the *Nova Bolsa* magazine.

Fica Mais

This incentive program enabling investors to score points and exchange them for products and services ended the year with 4,597 new members, 1,347 referrals, 224 referrals accepted, and 75,782 hits.

Cultural Space

The Cultural Space is an exhibition area for art of all tendencies and styles where visitors can appreciate works by renowned Brazilian and international artists as well as historical exhibitions. The number of people who visited the Center, located on the ground floor of the building at Praça Antonio Prado, totaled 5,734 in 2012.

BM&FBOVESPA Educational Institute

Education is an indispensable factor for the development of the Brazilian market. BM&FBOVESPA has always invested significantly in educational projects designed to increase the general public's knowledge of its business and the impact of the markets it operates on society.

In line with the company's strategy of fostering a culture of long-term investment and its commitment to bring investors and issuers together in a single environment, in addition to acting as the main exchange operator in Brazil, the BM&FBOVESPA Educational Institute began offering professionals in the financial services industry two MBA courses in 2012: an MBA in Capital Markets and Derivatives, and an MBA in Financial Risk Management.

With recognized experience, the Educational Institute develops courses with varying degrees of depth and breadth, as well as specific training to trade in the markets managed by the Exchange.

The Institute seeks to introduce course participants to the most innovative elements in knowledge of the financial markets and business management. It has its own faculty of experts and an infrastructure of classrooms and study labs. Its library has a large collection and computerized access to facilitate the work of researchers.

Operating segments

Financial markets – Education, training and specialization for professionals in the financial services industry (brokerage houses, banks, investment funds and companies). The offering also includes specific training courses to operate the systems managed by the Exchange and to impart the skills required to perform in compliance with the standards of excellence demanded by the markets.

Investors – Dedicated to the formation of conscious investors, who learn to trade all the products available in the equity and fixed-income markets.

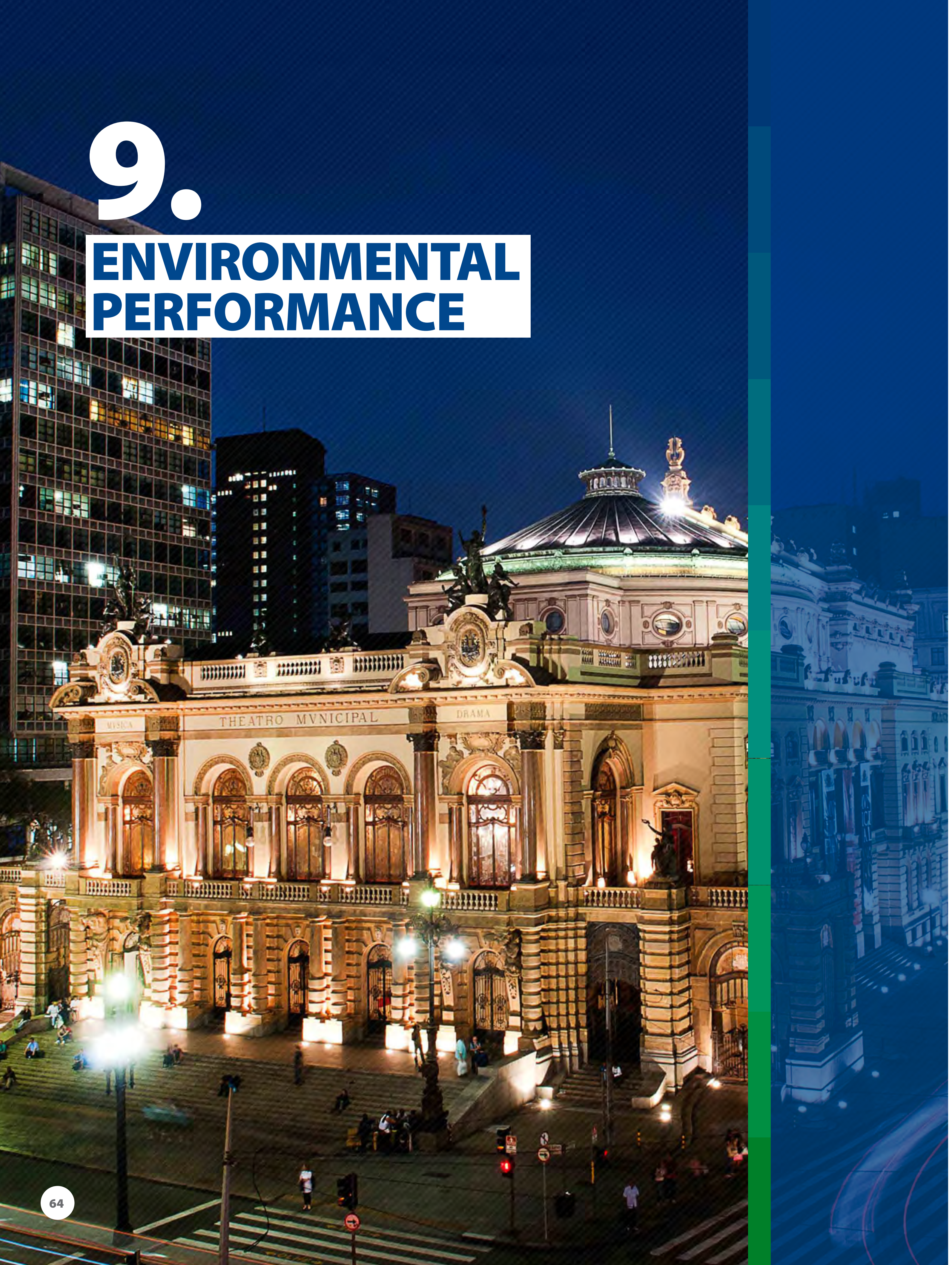
Businesses and entrepreneurs – Established to foster entrepreneurial culture and support the sustainable growth of business organizations of all sizes and levels of maturity, whether publicly or privately held, especially those that pursue innovation as a competitive advantage.

Solutions for companies – Specializing in the education and training of professionals who operate in the markets managed by BM&FBOVESPA, the Educational Institute offers a range of products tailored to the needs of companies and staff, including face-to-face, distance and mixed delivery courses, training sessions, seminars, presentations, and 100% customized in-company training.

Certification – The BM&FBOVESPA Educational Institute offers certification of brokerage house professionals in back office, risk management, compliance, trading, sales and technology. This certification is one of the requirements of the Operational Qualification Program (PQO).

The number of participants in the courses delivered by the Educational Institute totaled 7,104 in 2012.

Courses/programs	Participants
Face-to-face	3,086
Online	3,149
In-company (face-to-face and online)	869
Total	**7,104**



9. ENVIRONMENTAL PERFORMANCE

Water and energy consumption, management of greenhouse gas emissions and waste reduction are closely monitored by BM&FBOVESPA

BM&FBOVESPA constantly develops projects that aim not only to reduce costs but also to mitigate its internal and external impacts.

Sustainable practices are a major priority for the company, demonstrating that this is an economically viable option.

Water and energy consumption, management of greenhouse gas emissions and waste reduction are constantly monitored by the company in its everyday activities.

Greenhouse gas emissions (GHG)

In 2010 BM&FBOVESPA produced its first inventory of greenhouse gas emissions using 2009 data in response to the Carbon Disclosure Project (CDP). The 2011 inventory using 2010 data was completed in 2012. The 2012 inventory will be available in May 2013.

The process has evolved to include emissions attributable to the BM&FBOVESPA Institute and offices of the Brazilian Commodities Exchange. The 2011 inventory was produced with the support of ICF International, a US-based consulting firm that specializes in climate change policy, and checked by KPMG. In addition, to assure full disclosure the company posted its GHG inventory to the National Public Registry, an initiative of Brazil's GHG Protocol Program, winning a Gold Seal for filing a complete inventory verified by a third party (www.registropublicodeemissoes.com.br).

Based on this inventory BM&FBOVESPA identified the three main sources of indirect GHG emissions – air travel, electricity consumption and employee commuting – and took steps to minimize their impact.

In 2012 the company maintained and monitored the initiatives implemented in the previous year, especially the measures taken to reduce air travel, such as installing telepresence rooms and teleconferencing instead of holding face-to-face meetings, to ban employee use of contract taxis to commute between 10 pm and 5 am and/or outside the metropolitan area, and to outsource printing services, with the removal of 82 printers to leave only 29 in the building on Rua XV de Novembro. Documents are printed on both sides of the page and in monochrome unless color is absolutely essential. Employees must touch a proximity reader with their ID badge to release print jobs, which are deleted from the queue after 60 minutes to avoid waste.

BM&FBOVESPA prioritizes green IT, consisting mainly of the use of monitors that generate less heat and consume less energy, and server virtualization, whereby one powerful server is divided into multiple virtual environments to do the work of several others. This reduction in the number of servers saves not only electricity but also other energy-hungry resources, such as air conditioning, batteries and generators. The impact of this initiative can be gauged from the comparatively small number of servers needed to operate the business.

For the fourth consecutive year the company is publishing an integrated annual report according to GRI guidelines, featuring financial results alongside socio-environmental data and information on corporate governance, sustainability and management best practice.

Environmental performance indicators

Indirect energy consumption by primary energy source (in gigajoules) EN4

Energy source	2012	2011	2010
Electricity	81,478	79,696	69,052

Energy saving due to conservation and efficiency improvements (in gigajoules) EN5

	2012	2011	2010
Deactivation of extra bulbs on stairs in Praça Antonio Prado and Rua XV de Novembro buildings	210	210	210
Deactivation of an elevator in Praça Antonio Prado building during off-peak hours	21	21	21
Rules on weekend use of air conditioning	92	92	119
Total	**323**	**323**	**350**

Total volume of water withdrawn by source EN8

	2012	2011	2010
Total water consumption (m3/year)	39,479	41,659	40,503

Note: Sole source is water utility (Sabesp).

Direct and indirect GHG emissions and electricity consumption – Scope 1 & 2 (in metric tons of CO2) EN16 | EN19 | EN20

	2011	2010	2009
Generators	42,82	28,47	46,29
LPG	0,88	0,70	–
Natural gas	6,09	5,17	11,76
Fire extinguishers	1,53	24,94	0,24
Cooling gas	282,36	86,60	323,75
Own fleet	12,33	9,68	7,31
Electricity	675,79	1,024,10	453,31
Total direct and indirect emissions (tCO2e)	1,021,80	1,179,66	842,66

Notes

- The 2012 GHG inventory has not yet been produced. The process is scheduled to begin in January 2013, with finalization due in May.
- Cooling gas consumption in 2011, amounting to 282.36 tCO2e, consisted entirely of R-22 refrigerant, which is classed as a GHG but not included in the Kyoto Protocol because it was already covered by the Montreal Protocol as an ozone-depleting CFC.
- BM&FBOVESPA does not emit any ozone-depleting NOx or SOx. EN20

Indirect GHG emissions – Scope 3 (in metric tons of CO2) EN17

	2011	2010	2009
Air travel	1,358,78	1,242,30	434,55
Third-party logistics	3	38,33	7,11
Employee commuting	509,71	386,13	240,76
Taxis	72,81	65,80	52,71
Mileage refunds	2,22	2,58	-
Total indirect emissions (tCO2e)	1,946,52	1,735,14	735,13

Note: The 2012 GHG inventory has not yet been produced. The process is scheduled to begin in January 2013, with finalization due in May.

Total weight of waste by type and disposal method EN22

Non-hazardous waste (in metric tons)

Type	2012		2011		2010	
	Disposal	Weight (t)	Disposal	Weight (t)	Disposal	Weight (t)
Restaurants, organic & non-recyclable (WCs)	Landfill	110,5143	Landfill	100,4	Landfill	78,6
Recycling	Sold	81,065325	Sold	82,0	Sold	73,4
Total	142,3		182,4		152,1	

Hazardous waste (in metric tons)

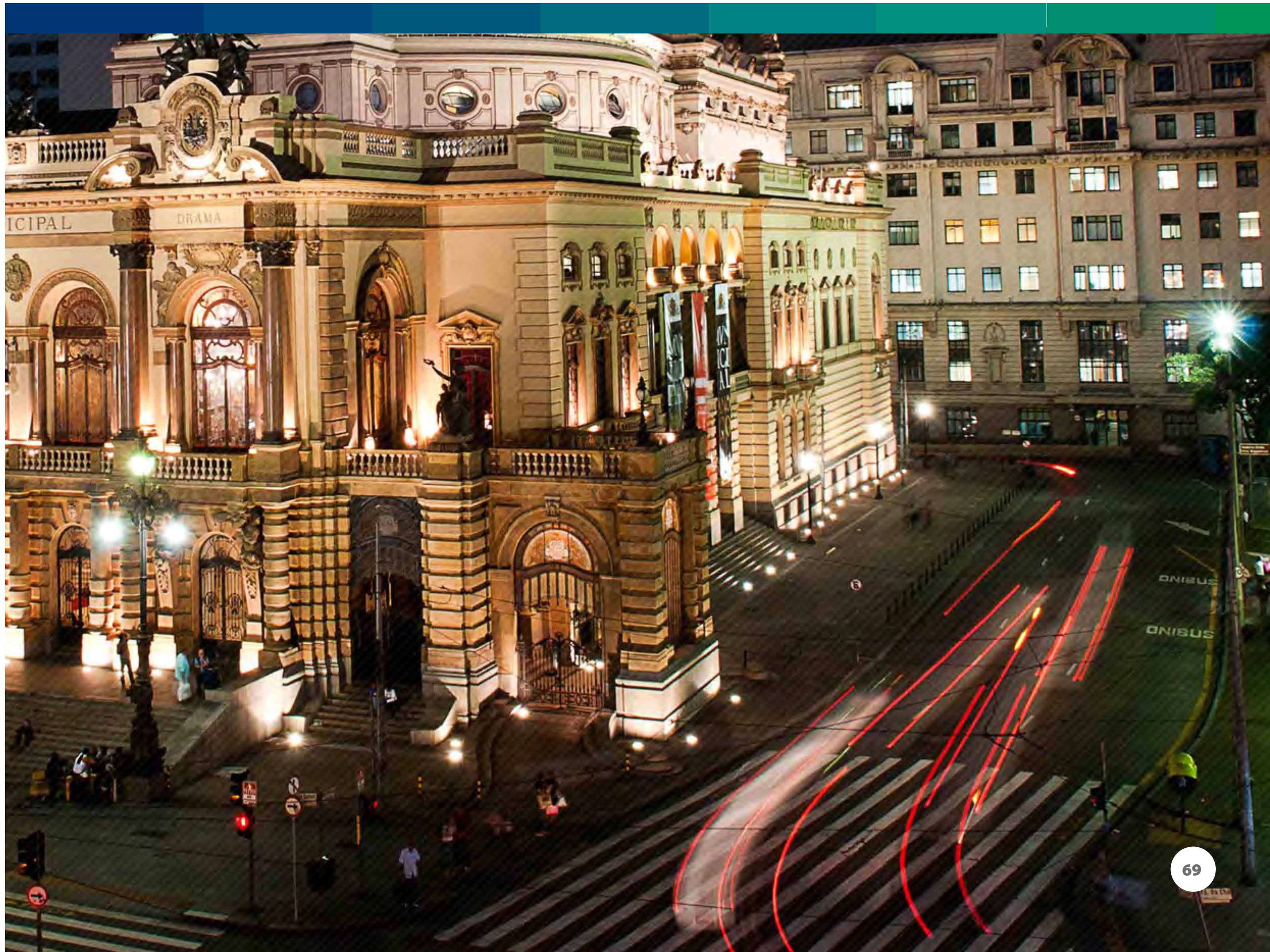
Type	2012		2011		2010	
	Disposal	Weight (t)	Disposal	Weight (t)	Disposal	Weight (t)
Toner cartridges (units)	Returned	219	Returned	292	Returned	-
Bulbs (units)	Decontaminated	6,969	Correct disposal	1,835	Correct disposal	2,863
Total (units)	5,439		2,127		2,863	
Batteries	Correct disposal	0,08736	Correct disposal	0,08	Correct disposal	-
Outpatient clinics	Incinerated	0,0333	Incinerated	0,01895	Incinerated	-
Total	0,06286		0,09895		0	

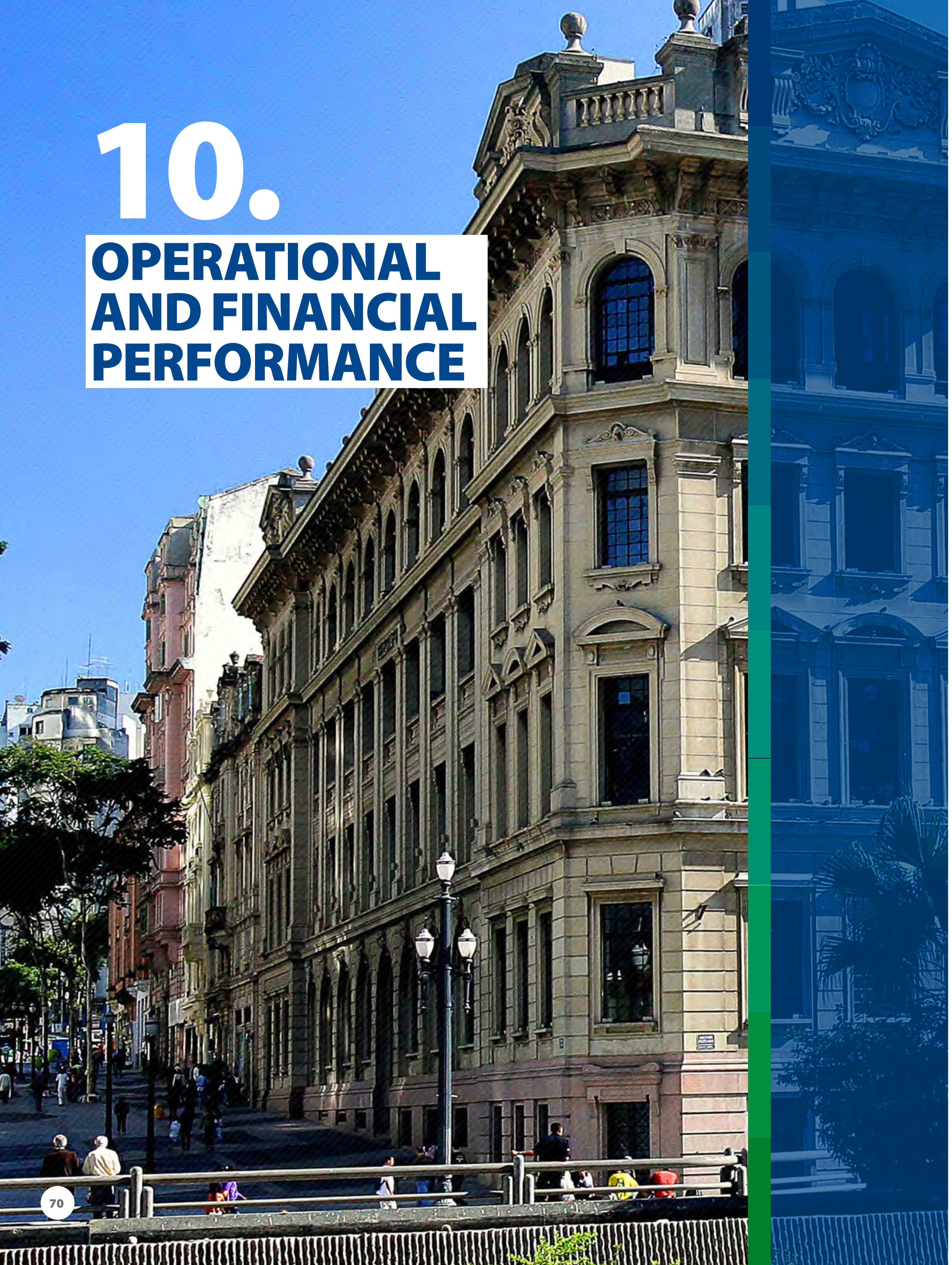
Notes
- Copiers and printers are leased. Toner cartridges are returned to the leasing company, which is responsible for final disposal.
- Bulbs are counted by unit, not by weight.
- Batteries are left in electronic waste collection and recycling bins belonging to C&A stores, which send them to contractors who specialize in decontamination.
- Healthcare waste from outpatient clinics is collected by the municipal government, which is also responsible for incineration.
- Correct disposal: batteries and bulbs are sent to firms that specialize in decontamination before disposal.
- This type of waste was not counted in 2010.

Main initiatives to mitigate environmental impact of products and services in 2012 EN18 | EN26

Initiative	Description	Result
Taxi policy	Policy restricting use of taxis implemented on Dec. 12, 2011	CO2 emissions reduced from 86.04t (493,048.1 g per km) in 2011 to 66.38t (380,037,4 g per km) in 2012
Outsourcing of printing	Removal of 82 old printers and replacement by 29 in Rua XV de Novembro building in Sep. 2012	Saving of 390,918 pages (21,962 in color and 368,956 in gray scale) between Sep. 5 and Dec. 31, 2012

In 2011 there were no fines or non-monetary sanctions for non-compliance with environmental laws and regulations. EN28





10. OPERATIONAL AND FINANCIAL PERFORMANCE

BM&FBOVESPA sees product and new technology investments as determinants in strengthening its strategic position

Macroeconomic conditions

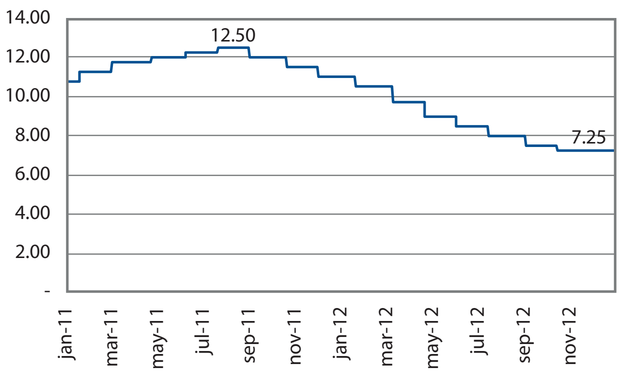
The year of 2012 was yet another year marked by global economic instability. This scenario led to a low growth of the main economies of the Eurozone and USA, as well as a slowdown in China. In Brazil, despite the disappointing performance in terms of the economy growth, the highlight is the important economic structural changes unlocked by the plunge in real interest rates, which closed the year at levels comparable to those of the principal emerging market economies.

The significant change in baseline interest rates is expected to change savings behavior as well, driving people to seek new investment opportunities and diversify from traditional investments as savings accounts, treasury bills and money market mutual funds. The new scenario has unveiled opportunities for investments in lesser-known instruments which until recently the average saver would hardly ever consider and are more akin to capital market investments, as is the case of real estate investment funds (REITs), of exchange-traded funds (ETFs) and, potentially, also the stock market.

Factors as the prospective change in the savings behavior of individuals, coupled with the need to spur economic growth in the coming years, which should happen primarily through heavy investments in infrastructure, place the domestic capital markets in a key position both to help enable and to capture the growth opportunities that lay ahead.

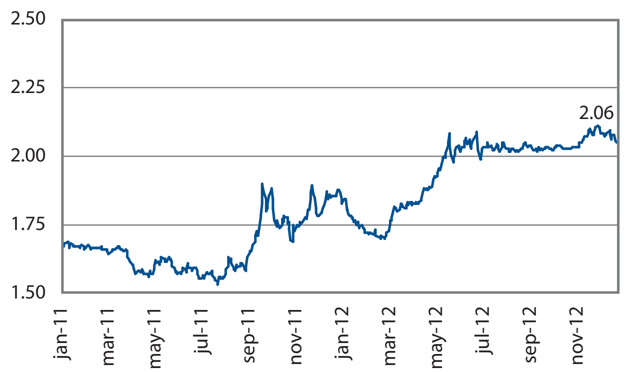
Another focal point of attention is the exchange rate policy. Differently from developments up until mid-2011, when the Brazilian Government adopted macroprudential measures to arrest the appreciation of the

Benchmark Rate (Selic rate) – (%)



Source: Central Bank of Brazil

Exchange Rate – R$/US$



Source: Central Bank of Brazil

Brazilian real versus the U.S. dollar, in 2012 the exchange rate reversed course and the Brazilian real depreciated driving the Government to remove or ease some of the previous measures. One such action, of particular potential impact for the capital markets and the company, came in December 2011 when the Government, in an about move, removed the 2% IOF tax charged on inflows for investments in equity securities and equity-based derivatives.

Strategic positioning and operating highlights

In the last several years Brazil has undoubtedly risen to prominence on the world stage as an important emerging market economy, which had a positive impact over the markets managed by the company. More recently, however, heightened volatility and economic uncertainty set in by the ongoing global economic crisis has tested the health and integrity of markets across the world. All of which proved also that Brazil has a solid financial and capital markets, which have the Exchange as a pillar of good governance, transparency and safety.

Additionally, Brazilian economy awaked to a new reality of low interest rates, compared to the historical level. This enhances the prospects for growth of the domestic capital markets, as lower interest incomes are likely to help swell the flow of money directed to the stock market, and should boost the attractiveness of the stock market as a source of funds for prospective issuers.

BM&FBOVESPA strategic plan calls for actions to build up on the development of the domestic capital markets at the same time as safety, integrity and stability is set to increase. In 2010, the company put into place a substantial capital expenditure plan which will achieve R$1.2 billion by 2014. With this plan the Exchange aims to take the technology infrastructure for trading and post-trading activities to a new, higher and more sophisticated standard. Highlights of the plan include the new trading platform known as BM&FBOVESPA Puma Trading System™, the integration of the four clearing houses, the development of CORE (or Closeout Risk Evaluation), and finally, the construction of a new Data Center and the development of a new OTC platform for fixed-income and other derivatives.

Regarding the products and market development, in line with the evolution and sophistication of retail investors, which is becoming more sophisticated and demanding a better risk-return balance, the company keeps its action of investing in financial education to a wider variety of investors with different investment objectives and risk appetites. The 2012 highlights were the continued growth of the Tesouro Direto, higher volumes negotiated in ETFs, and an outstanding performance of trading in REITs. In the derivatives markets, certain futures contracts began to trade under our cross-listing arrangement with the CME Group, thus widening the investment opportunities in this direction.

As for the operating performance, both Bovespa and BM&F segments presented growth, which in the Bovespa segment was driven primarily by increase in turnover velocity[1], whereas growth in the BM&F segment was pushed mainly by increase in average daily volume traded in Brazilian-interest rate contracts. In addition, the average rate per contract (RPC) climbed both as a result of the increase in volumes traded in longer-maturity Brazilian-interest rate contracts and because the RPC for FX contracts, that was positively influenced by the depreciation of the Brazilian real against the U.S. dollar.

In 2012, the management proved its commitment towards controlling costs and expenses. In August, the company announced a reduction in its adjusted opex[2] guidance to an interval between R$560 – R$580 million from R$580 – R$590 million previously, having closed the year quite near the lower endpoint of the revised interval. As for 2013, the opex budget is in the same level of 2012. Moreover, the company maintained its steadfast commitment towards returning higher rates for shareholders by consistently declaring payouts in the equivalent of [100%] of the net income.

The BM&FBOVESPA shares (BVMF3) had an outstanding performance, increasing 42.9% over the course of 2012 (in the same period, the Ibovespa moved up 7.4%). The sound performance is explained primarily by the strong financial results and good operating performance, and the positive perception of the market over the strategy and initiatives implemented by the company aiming to strengthen its competitive advantages.

As a result, BVMF3 stocks closed the year as the 9th most actively traded in the market, with daily average financial value traded at R$137.9 million and average volume of 17.6 thousand daily trades. BM&FBOVESPA's market capitalization at the year-end was R$27.7 billion, which made our Exchange the third largest worldwide by market cap.

Finally, the management believes in the company´s potential and understands the important role that it performs as a driver of strength and sophistication in the Brazilian capital markets, being sure that the investments in products and technology are determinants to improve the quality of the services the company offers, as well as to increase the transparency and consistency of the Brazilian capital markets.

Operating performance

Bovespa Segment

The average daily trading value (ADTV) in the stock market and the equity derivatives markets (options and forwards) jumped 11.7% year-over-year, which established a new all-time record for the segment. The analysis of average daily trading volume for the last five years (2008 – 2012) shows compound annual growth rate (CAGR) of 7.0%.

The cash market performance was the primary driver of the year-over-year surge in average daily trading volume, explained mainly by increase in turnover velocity, since the average capitalization of the stock market rose only slightly from the earlier year.

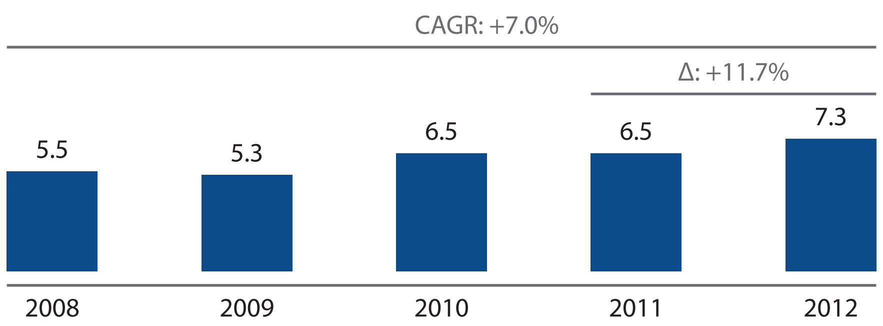
Turnover velocity climbed to 69.8% from 64.2% one year ago, with direct positive impact on cash market volumes prompted mainly by heightened volatility, increased demand for more sophisticated products from market participants and significant volumes traded on Ibovespa options expiry dates. Foreign investors led the climb in turnover velocity and accounted for the larger portion of the overall volume, prodded, among other things, by the shift in policy which in December 2011 led the Government to remove the IOF tax on inflows for investments in equity securities and equity-based derivatives, which was limiting these investors move. The effects of the remove were materialized in 2012.

The average stock market capitalization was practically stable, climbing 2.2% year-over-year. The highlights includes the Consumer and Utilities

[1] Turnover velocity for the year is defined as the ratio of annualized turnover (value) of stocks traded on the cash market over a twelve-month period to average market capitalization for the same period.

[2] The operating expenses have been adjusted to eliminate expenses with depreciation, provisions, the stock options plan and taxes related dividends received from the CME Group, in addition to a transfer of restricted funds to BM&FBOVESPA Market Supervision (BSM). The purpose of these adjustments is to measure operating expenses after eliminating expenses with no impact on cash flow and non-recurring expenses.

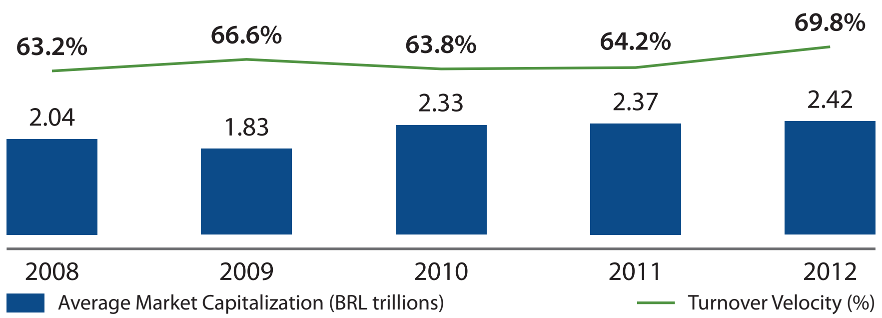
ADTV evolution (in R$ billions)



ADTV evolution (in R$ millions)

Markets	2008	2009	2010	2011	2012	CAGR 2008-2012	Var, 2012/2011
Cash	5,162,3	4,943,7	6,031,6	6,096,3	6,861,3	7,4%	12,5%
Forward	177,8	96,5	147,4	118,0	103,4	-12,7%	-12,4%
Options	180,2	245,0	307,9	276,3	280,1	11,7%	1,4%
Total	**5,525,5**	**5,286,8**	**6,488,6**	**6,491,6**	**7,250,7**	**7,0%**	**11,7%**

Exchange average market capitalization and turnover velocity



sectors, which presented a considerable increase, although this last sector would have had an even better performance if it was not for November 2012, when it presented a strong decrease given certain regulatory changes. On the other hand, it was verified an average market capitalization decrease on the Oil, Gas and Biofuels and Basic Materials sectors, that includes Petrobras, which fell 15.1%, and Vale, that decreased 19.8%. Both companies are the most tradable in the market.

The average daily value traded on the options market went up by 1.4% over 2011. The performance highlights were options on ten stocks and options on Ibovespa, all of which are part of our ongoing options market maker program. The average daily value traded in these options soared 44.8% year-over-year to R$74.6 million, from 51.5 million in 2011. However, this climb was counterbalanced by sliding volumes traded in option on Petrobras and Vale options, which traditionally have been the top traded options and combined accounted for a 10.3% year-over-year fall in average daily volume traded in options.

The average daily number of trades increased 37.6% year-over-year. The analysis of average daily number of trades for the last five years (2008-2012) shows a CAGR of 33.6%, attributable primarily to the greater sophistication of market participants and increased high frequency trading (HFTs) activity, which despite being highly quantitative uses small orders, driving down the average ticket per trade. It´s important to note that in preparation of the future growth, the throughput capacity of BM&FBOVESPA´s trading systems far exceeds current volumes.

The average number of active investors in the Bovespa segment fell 3.3% compared to 2011, to 603.9 thousand from 624.7 thousand in the prior year, largely due to a plunge in the number of motivated retail investors.

A measurement of volumes by investor category to overall volume shows foreign investors still in the lead and having accounted for 40.0% of the total volume for 2012, followed by local institutional investors with 32.0% of the overall yearly volume, while retail investors accounted for 18.0% of the volume (versus 21.0% in 2011).
Additionally, the average daily value traded by foreign investors moved up 30.0% year-over-year due

Average market capitalization by sector (In R$ billions)

Industry Classification	2011	Total Part. (%) 2011	2012	Total Part. (%) 2012	Var. 2012/2011
Construction and Transportation	120,08	5,1%	121,07	5,0%	0,8%
Consumer	412,14	17,4%	548,37	22,7%	33,1%
Financial	607,95	25,7%	641,25	26,5%	5,5%
Basic Materials	409,23	17,3%	335,19	13,9%	-18,1%
Oil, Gas and Biofuels	394,82	16,7%	330,80	13,7%	-16,2%
Telecommunications	146,84	6,2%	135,14	5,6%	-8,0%
Utilities	222,57	9,4%	247,24	10,2%	11,1%
Others*	51,95	2,2%	57,92	2,4%	11,5%
Total	**2,365,57**		**2,416,98**		**2,2%**

*Includes Capital Goods and Services e Information Technology.

Evolution in number of trades (In thousands)

Markets	2008	2009	2010	2011	2012	CAGR 2008-2012	Var. 2012/2011
Cash	195,1	270,6	349,8	476,5	653,0	35,3%	37,1%
Forward	2,2	1,3	1,6	1,1	1,0	-18,8%	-15,5%
Options	47,8	60,4	79,3	89,6	126,4	27,5%	41,1%
Total	**245,1**	**332,3**	**430,6**	**567,2**	**780,4**	**33,6%**	**37,6%**

primarily because of more active high frequency trading activity, which are predominantly foreign investors, whose daily traded volume increased R$0.35 billion; and to IOF tax on inflows removed in December 2011.

The net flow of foreign investments into equity and equity derivatives markets closed the year at positive R$7.2 billion mainly as a result of R$5.4 billion worth of primary market-seeking inflows. Twelve equity offerings implemented over 2012 (3 IPOs, 9 follow-on offerings) grossed aggregate proceeds worth R$13.2 billion.

Two products from Bovespa segment that are showing high growth are the ETFs and exchange-traded REITs, both with strong appeal for the retail investor. The volume of trading in the ETFs spiked 138.1% year-over-year to a ADTV of R$115.9 million, which accounted for 1.7% of the cash market volume, versus 0.8% in the prior year). There are currently fifteen exchange-traded index funds listed on the exchange, with BOVA11 (an index ETF which tracks the Bovespa Index) being the most actively traded among them.

The volume of trading in REITs has been climbing steadily in recent years. The number of listed funds went to 93 in 2012 from previous 66 in 2011. The number of investors that has shares of these funds increased to 97.1 thousand in 2012 from 35.3 thousand in the year before, registering a 175.3% high, while the daily average traded value grew up 299.6% year-over-year, to R$14.6 million from R$3.7 million one year ago (in December 2012, the average daily traded value reached R$50.3 million).

The volume of high frequency trading hit a daily average of R$1.4 billion (buy and sell sides[3]) in 2012, climbing 24.2% year-over-year to account for 9.4% of the overall traded volume (versus 8.5% in the prior year). This growth is explained primarily by the fact that new investors were registered in this category of traders, which has been rising steadily over time.

[3] In calculating high frequency volume for either segment we take into account both the buy and sell sides of the trade (a division of total volume by two).

BM&F Segment

The average daily traded volume (ADV) in derivatives markets from BM&F segment climbed 7.3% compared to 2011, hitting, yet again, an all-time record of 2.9 million trades. Additionally, the average rate per contract climbed 7.7% year-over-year, the favoring an increase revenues from trading fees. An analysis of average daily trading volume for the most recent five-year period (2008 – 2012) shows a CAGR of 16.4%, which evidences the high potential for growth of this market.

Brazilian-interest rate contracts make up the most actively traded contract group in the segment, such that the average daily volume traded in these contracts accounted for the larger share (66.4%) of the overall trading volume in 2012. This daily average for Brazilian-interest rate contracts went up 7.2% year-over-year, shooting a 2008 – 2012 CAGR of 25.0%. This performance is explained by a combination of factors, prime among which are the increase in domestic credit availability, particularly fixed-rate lending; the greater portion of fix interest-bearing government debt relative to total public debt; and volatility effects mainly between March and May of 2012.

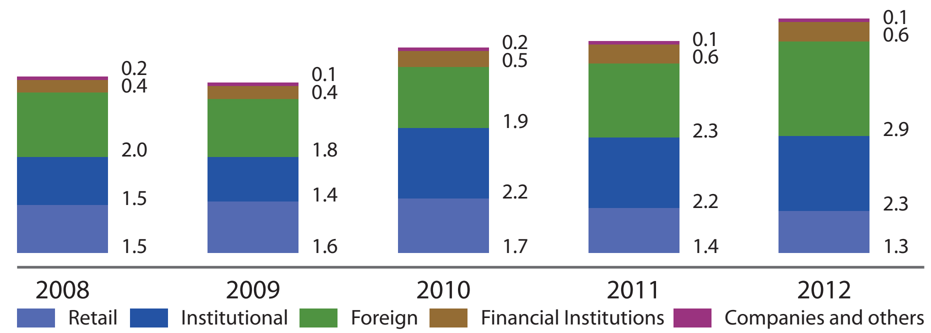
The average daily volume traded in FX contracts kept a virtually flat line from the prior year. This lack of movement is attributable mainly to toned down volatility when compared to the year-ago period (see the table below) and the IOF tax charged on increases in short dollar exposures.

Exchange Rate Volatility (R$/US$)

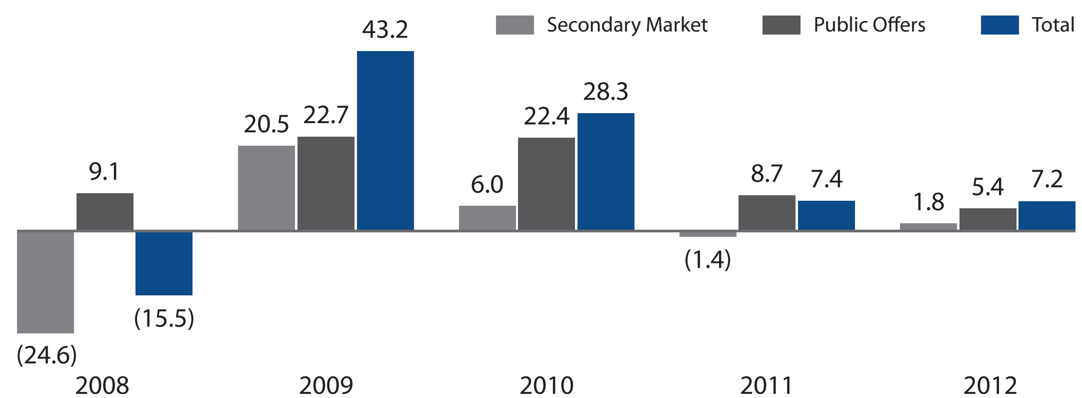
Moreover, the average daily volume traded in index-based contracts climbed 16.1% compared to 2011, reaching a daily average of 143.1 thousand contracts, primarily due to more active trading activity by local institutional investors, which accounted for a 42.3% year-over-year rise in average daily volume (40.1% of the overall volume versus 32.5% one year earlier), underlining the greater sophistication of this investor category.

The average RPC for the segment moved up 7.7% in comparison to 2011. This increase in mainly explained by:

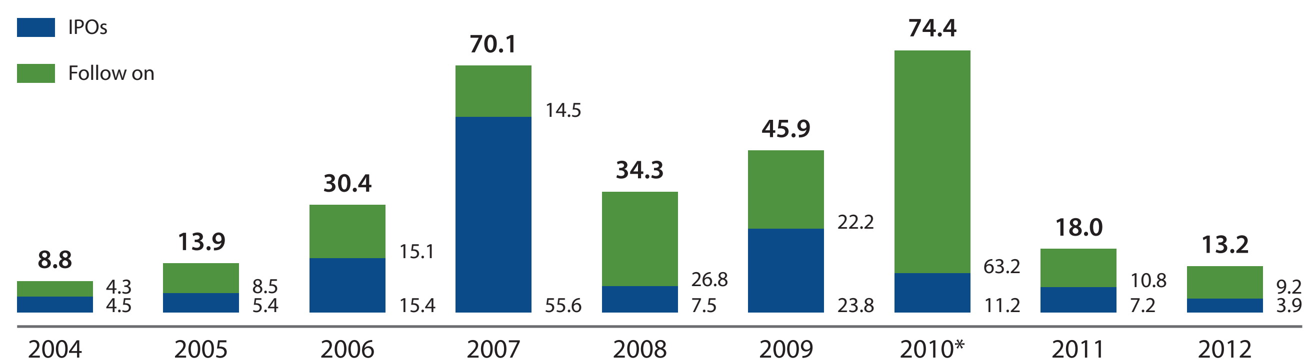
Bovespa Segment - Distribution of average daily trading value (ADTV) by investor category (In R$ billions)



Bovespa Segment - Net flow of foreign investments into the equities markets (In R$ billions)

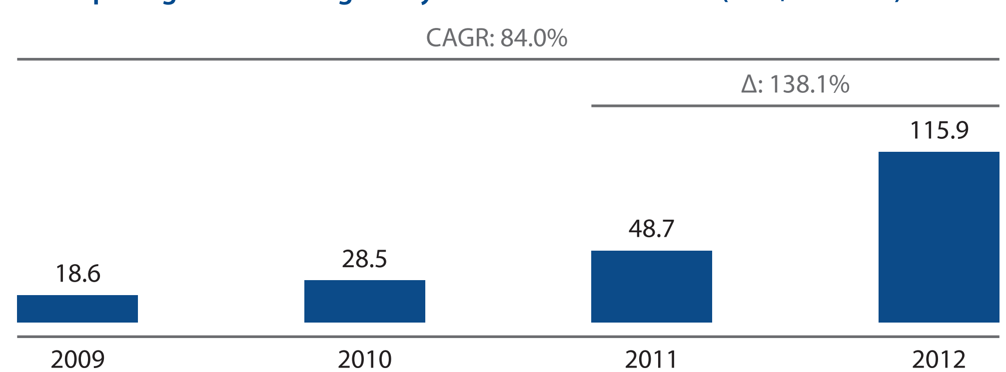


Bovespa Segment - Equity offerings (In R$ billions)

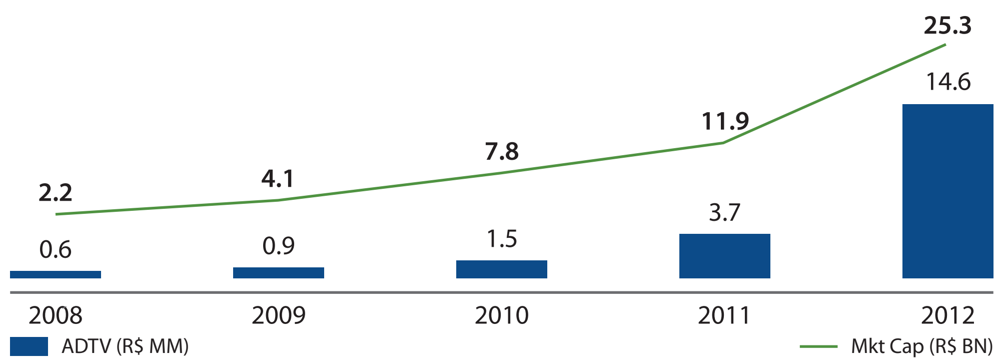


* The figures for 2010 do not include the oil reserves assignment Brazil's Government agreed with Petrobras, which however was not extended to the investing public. Should this portion of the proceeds be computed, the aggregate of capital raised through equity offerings in 2010 would climb to R$149.2 billion.

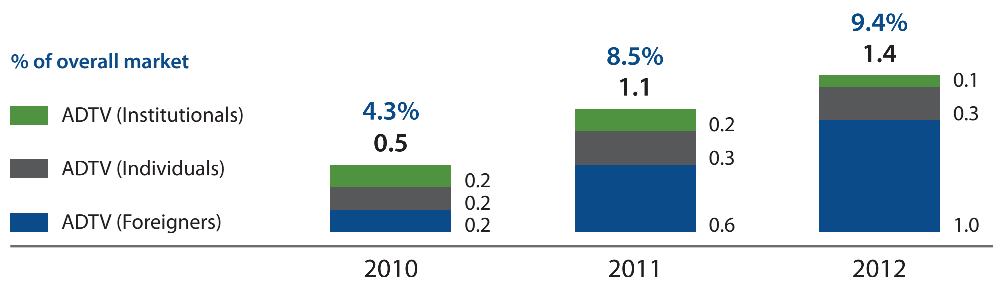
Bovespa Segment - Average daily volume traded in ETFs (In R$ millions)



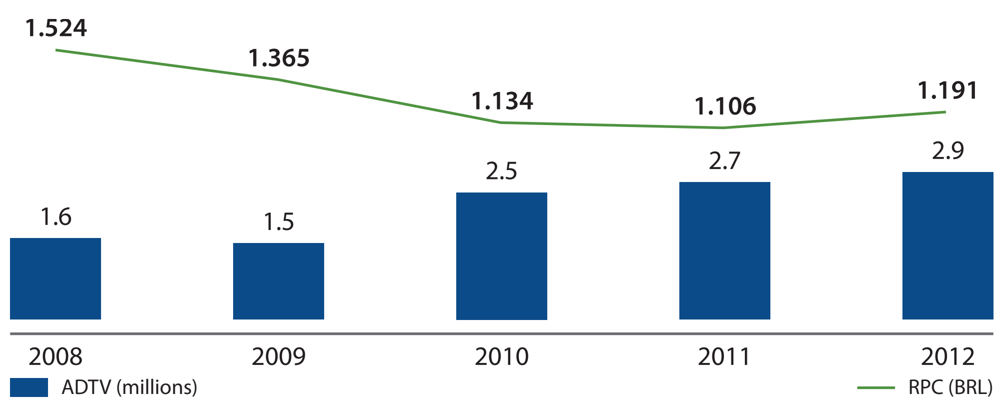
Bovespa Segment - Evolution of trading in REITs – Average daily traded value



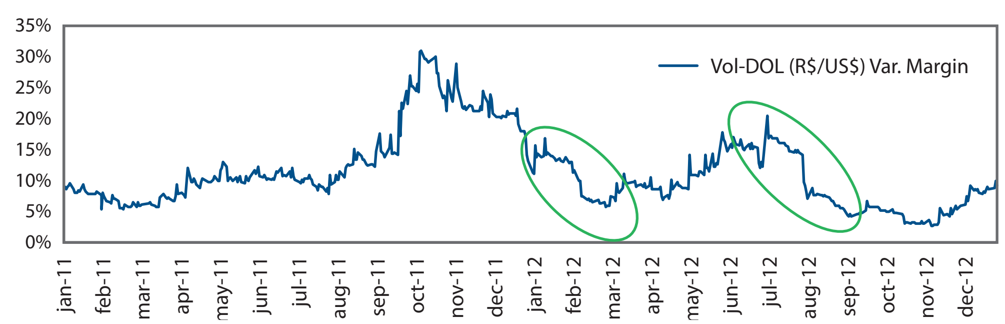
Bovespa Segment - Evolution of HFT average daily trading value (buy + sell sides in R$ billions)



BM&F Segment – ADV and average RPC



Exchange Rate Volatility (R$/US$)



BM&F Segment - ADV per contract group (In thousands of contracts)

	2008	2009	2010	2011	2012	CAGR (2008-12)	Var. 2012/2011
Interest Rates in R$	789,5	843,5	1,683,6	1,797,2	1,925,7	25,0%	7,2%
FX Rates	535,9	447,1	540,6	495,5	493,9	-2,0%	-0,3%
Stock Indices	87,8	80,0	89,4	123,3	143,1	13,0%	16,1%
Interest Rates in US$	96,2	78,3	89,7	145,2	149,8	11,7%	3,2%
Commodities	14,9	10,2	12,9	13,2	11,2	-6,9%	-15,2%
Minicontracts	40,5	52,6	75,6	114,4	165,7	42,3%	44,8%
OTC	12,4	9,3	12,9	11,7	9,2	-7,3%	-21,8%
Total	**1,577,2**	**1,521,0**	**2,504,7**	**2,700,6**	**2,898,7**	**16,4%**	**7,3%**

- A 9.3% year-over-year rise in average RPC for Brazilian-interest rate contracts, that went to R$1.004 in 2012 versus R$0.918 in 2011, due mainly to a greater concentration of dealings in longer maturity contracts (5th maturity on), which have higher prices; and
- A 16.4% year-on surge in average RPC charged for trades in FX contracts, coupled with a 7.9% jump in average RPC for U.S. dollar-denominated interest rate contracts, in either case explained by 17.6% average year-over-year appreciation of the Brazilian real against the U.S. dollar[4], since the rates for these contracts are denominated in U.S. dollars.

An analysis of segment volumes by investor category shows financial institutions toned down trading activity by 3.2% year-over-year accounting for 34.5% of the overall yearly volume (versus 38.1% one year ago), whereas trading by institutional investors increased 11.5% from the earlier year to account for 34.0% of the overall yearly volume (versus 32.5% previously).

Moreover, high frequency traders accounted for 6.6% of the overall volume for the segment with daily average of 365.9 thousand contracts (buy and sell sides) for the year. High frequency average daily volume traded shot up 19.4% year-over-year.

Securities lending

The Securities Lending keeps growing, showing an increase of 5.9% of the monthly average open interest contracts between 2011 and 2012. Securities lending is used by more sophisticated traders that develop and implement strategies in the stock market as takers and by investors that searches for an additional pay as lenders of the financial assets, keeping the rights over an eventual payout given by the issuing company.

Tesouro Direto

Tesouro Direto is a platform for the trading of government bonds through the Internet, which has been developed along with Brazilian Treasury. The volume of Tesouro Direto dealings has been growing strongly every year. The average volume under custody soared 48.4%, to R$9.0 billion in 2012 from R$6.1 billion in 2011, whereas the average number of retail traders jumped to 84.3 thousand from 64.4 thousand previously, a 30.9% year-on-rise.

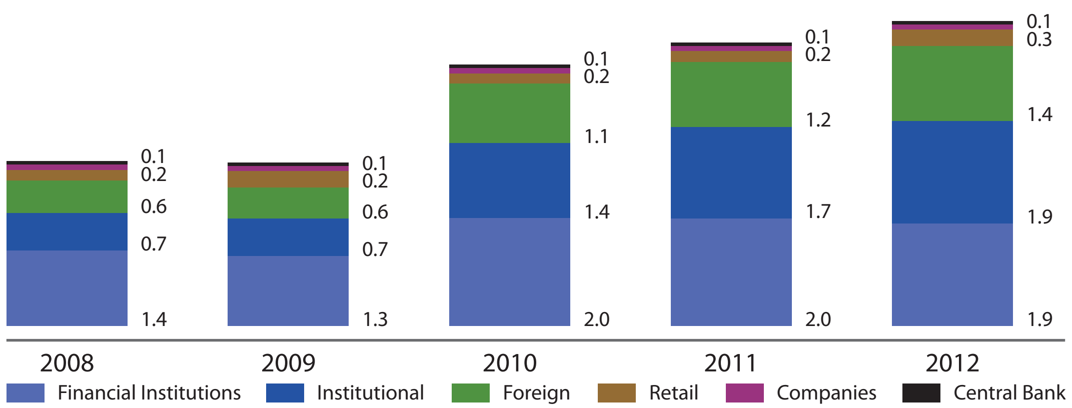
The keen interest retail investors have shown for doing business in the Tesouro Direto platform and

[4] Year-over-year exchange rate variation is calculated as the average fluctuation of the PTAX exchange rate as at the end of December 2010 through end-November 2012, as these rates provide the basis on which to calculate average RPC for the months of January 2011 through December 2012, respectively. The PTAX rate is compiled and released at the close of business on a daily basis by the Central Bank.

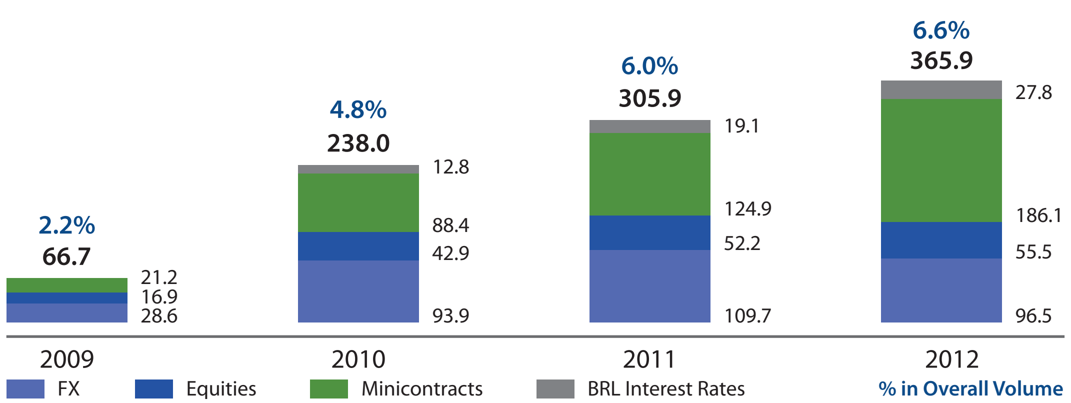
BM&F Segment - Average RPC (in R$)

	2008	2009	2010	2011	2012	Var. 2012/2011
Interest Rates in R$	1,140	0,979	0,889	0,918	1,004	9,3%
FX Rates	2,062	2,161	1,928	1,894	2,205	16,4%
Stock Indices	2,142	1,619	1,564	1,614	1,524	-5,6%
Interest Rates in US$	1,257	1,357	1,142	0,941	1,015	7,9%
Commodities	3,585	2,307	2,168	2,029	2,239	10,4%
Minicontracts	0,162	0,176	0,128	0,130	0,116	-10,8%
OTC	2,355	1,655	1,610	1,635	1,769	8,2%
Total	**1,524**	**1,365**	**1,134**	**1,106**	**1,191**	**7,7%**

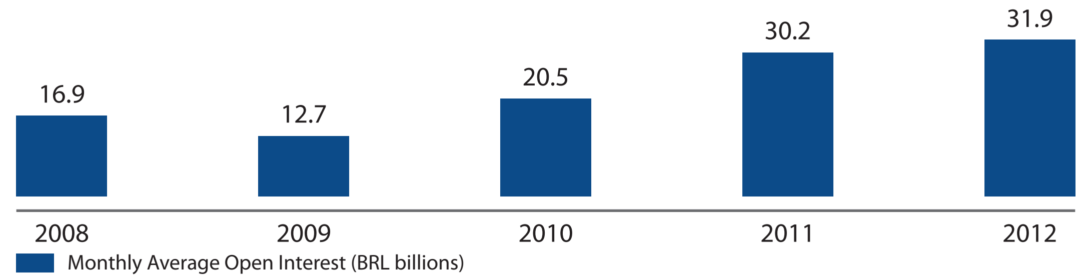
BM&F Segment - Distribution of ADV by investor category (buy + sell sides in millions of contracts)



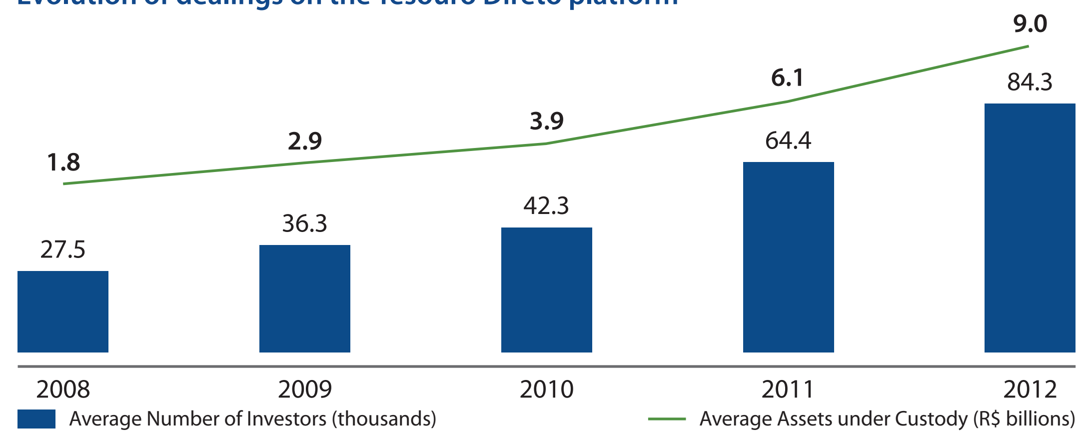
BM&F Segment - Evolution of HFT ADV (buy + sell sides in R$ billions)



Average open interest positions and number of lending transactions



Evolution of dealings on the Tesouro Direto platform



for trades in REITs suggests these investors have been moving towards greater diversification of financial investments, a trend that should be reinforced in a lower interest rate scenario.

Financial performance[2.8]

Revenues

Gross revenues for the year ended December 31, 2012, amounted to R$2,289.0 million, rising 8.2% year-over-year due primarily to revenue increases in the equity and derivatives market.

- Revenues from trading and clearing fees of Bovespa segment: climbed 7.2% year-over-year totaling R$1,034.0 million, and accounted for 45.2% of total revenues. This rise is explained by an increase of 11.7% in trading volume for the segment, which, however, was partially counterbalanced by a 2.2% margin drop (to 5.676 bps from 5.793 bps one year earlier) attributable to higher volumes of high frequency and day trading, once both are charged lower fees.
- Revenues from trading and clearing fees of BM&F segment: increased 13.9% compared to 2011, totaling R$865.9 million, and accounted for 37.8% of total revenues, thus reflecting the 7.3% lift in overall trading volume for the segment and the 7.7% jump in average rate per contract.
- Other revenues: accounted for 17.0% of the total revenue, reaching R$389.1 million, a slight fall of 0.5% from the year-ago, as a result primarily of changes in revenue line items unrelated to trading and clearing activities, as follows:

– Securities lending: revenues of R$77.1 million (3.4% of gross revenues) went up 4.1% year-over-year due mainly to a 5.9% year-on rise in financial value of the balance of open interest positions at year-end, achieving R$32.0 billion at 2012 year-end.

– Depositary/Custody: totaled R$102.8 million (4.5% of gross revenues), up 12.5% in relation to 2011, explained mainly by an increase of 3.5% in average number of custody accounts and 2.6% in average financial value of assets under custody, not including custody of ADRs and custody services provided to foreign investors. In addition, revenues from fees related to custody of Tesouro Direto soared 30.1% year-on-year.

– Vendors: reached R$67.7 million (3.0% of gross revenues), a 4.0% increase over 2011. Although the number of customers accessing BM&FBOVESPA market data shrank, this climb is attributable mainly to appreciation of the U.S. dollar versus the Brazilian real, as roughly 40.0% of these revenues derive from foreign customers whose payments are denominated in foreign currency.
– Other revenues: amounted to R$19.8 million (0.9% of gross revenues), a fall of 50.6% year-on-year due primarily non-recurring revenues recognized as 2011 came to a close[5].

Expenses

Expenses totaled R$763.1 million in 2012, a decrease of 6.6% year-over-year. However, we should note the comparability of this line item has been hampered because of the transfer to BSM of R$92.3 million in 2011, worth of restricted funds (Guarantee Fund).

The adjusted expenses, as detailed in the table below, amounted R$563.5 million, down 3.6% from the year before due primarily to the company´s cost control efforts.

The principal changes in expense line were:

- Personnel: expenses reached R$353.9 million, a slight increase 0.6% over 2011, mainly due to:

  – The expenses with healthcare plan provision that totaled R$27.5 million;
  – The expenses with stock options plan, that fell 39.8% compared to 2011, to R$32.3 million from R$53.6 million earlier; and
  – An increase of the capitalize expenses with personnel, engaged with certain ongoing technology projects that the company is working on. In 2012, the amount capitalized were R$18.3 million higher than in 2011.

- Depreciation and amortization: totaled R$93.7 million, up 24.6% year-over-year and in line with the increase in investments implemented in previous years.
  Communications: amounted R$17.6 million, a 23.2% decrease over the previous year, correlated with the company´s efforts to cut down the mailing expenses for delivery of custody account statements and execution confirmation slips to investors.
- Marketing and promotion: amounted R$19.3 million, a fall of 50.1% year-over-year due primarily to the reprioritization of marketing campaigns for the year and cuts in advertising expenses.
- Taxes: totaled R$42.3 million soaring 174.9% from the year-ago, due mainly to taxes paid on income from dividends earned from CME Group (R$37.2 million in 2012 versus R$9.9 million in 2011).
- Others: amounted R$64.6 million, a 36.0% year-over-year jump due primarily to a R$15 million transfer to BSM as funding for their 2013 expense.

Equity in results of investees

BM&FBOVESPA´s net share of gain from the equity-method investment in CME Group shares went down 32.0% over 2011, totaling R$149.3 million, where R$60.2 million were provisioned as recoverable tax paid abroad by the investee (CME Group).

Interest income, net

Net interest income for the year hit R$208.9 million, down 25.6% from 2011, due primarily to a 16.9% decline in interest revenue resulting from the decrease in interest rates paid on financial investments. In addition, net interest income was negatively influenced also by a 14.8% year-on increase in interest expenses, which rose to R$88.4 million in 2012, due to an appreciation of the U.S. dollar against the Brazilian real (most the interest expenses correlates with debt under global senior notes issued in a July 2010 cross-border offering).

Income tax and social contribution

Income before taxes totaled R$1,659.8 million, as compared to R$1,588.2 million in 2011, a 4.5% climb over the prior year.

[5] Non-recurring revenues recognized as 2011 came to a close include R$22.6 million worth of reversed provision for contingencies and legal obligations and collection of credits held against a bankrupt estate.

Adjusted expenses (in R$ millions)

	2012	2011	Var.
Expenses	**763,1**	**816,7**	**-6,6%**
(-) Depreciation	93,7	75,2	24,6%
(-) Stock Option	32,3	53,6	-39,8%
(-) Tax on dividends from the CME Group	37,4	9,9	278,3%
(-) Provisions	36,2	1,1	3,234,4%
(-) Contribution to MRP	-	92,3	-
Adjusted Expenses	**563,5**	**584,5**	**-3,6%**

The line item comprising income tax and social contribution plus deferred income tax and social contribution totaled R$585.5 million, where current income tax and social contribution totaled R$67.3 million, including R$60.2 million in the line item "recoverable tax provision" related to tax paid overseas and recognized under equity in results of investee.

In addition, deferred income tax and social contribution totaled R$518.2 million, and break down as follows:

- Recognition of deferred tax liabilities of R$539.1 million related to temporary differences attributable to amortization of goodwill for tax purposes, with no impact on cash flow; and
- Recognition of deferred tax assets amounting to R$20.9 million related to temporary differences and reversal of deferred tax liabilities.

Main line items of the Consolidated Balance Sheet as of December 31, 2012

Assets

As of December 31, 2012, BM&FBOVESPA´s total assets was of R$24,147.1 million, an increase of 2.4% year-over-year. Cash and cash equivalents, including short- and long-term financial investments, totaled R$3,850.6 million and accounted for 15.9% of total assets. Non-current assets totaled R$20,610.8 million, where long-term receivables (including long-term financial investments that totaled R$573.6 million) amount to R$808.9 million, the investments amount to R$2,928.8 million, property and equipment totaled R$361.0 million and intangible assets were R$16,512.2 million.

Intangible assets consist primarily of goodwill related to expectations of future profitability in connection with the acquisition of Bovespa Holding. Goodwill has been tested for impairment in December 2012 and, pursuant to the valuation report prepared by an independent specialist firm, no adjustments to carrying value were required.

Liabilities and Shareholders' Equity

Current liabilities accounted for 6.9% of total liabilities at R$1,660.6 million in 2012, a 14.0% decrease over 2011. This drop is due primarily to a fall in total cash collateral pledged by market participants (to R$1,134.2 million in 2012 from R$1,501.0 million in the prior year). Noncurrent liabilities closed the year at R$3,072.6 million and consist primarily of R$1,242.2 million worth of debt issued abroad (global senior notes issued in a US$612 million bond offering in July 2010) plus deferred income tax and social contribution amounting to R$1,739.6 million.

Shareholders' equity of R$19,413.9 million went up 0.8% over 2011, consisting mainly of capital stock totaling R$2,540.2 million and capital reserves of R$16,037.4 million.

Other financial information

Capital expenditures

BM&FBOVESPA capitalized investments on the order of R$258.4 million in 2012, including R$231.7 million related to investments in technology infrastructure and IT resources, whereas R$26.6 million refer to investments in other projects, including modernization and improvements of the company´s infrastructure.

2013 Adjusted Opex Budget and 2013–2014 Capex Budget

In December 2012 the company announced the 2013–2014 capex budget and the 2013 adjusted opex budget, as follows: (i) the 2013 budget for adjusted operating expenses has been set within an interval between R$560 million and R$580 million, which is in line with the adjusted expense target of the revised 2012 budget guidance; while (ii) the capex budget for 2013 has been set within an interval between R$260.0 million and R$290.0 million, and for 2014 an interval between R$170.0 million and R$200.0 million.

Payouts

Up to December, 2012, the board of directors declared a payout that amounted R$685.6 million, relative to the first nine month of 2012. Moreover, at the coming Annual Shareholders' Meeting it will be set to submit to shareholders an additional payout proposal in the equivalent of R$388.7, related to 2012 exercise, which should total 100% of the net income attributable for BM&FBOVESPA shareholders for the year ended December 31, 2012.

Share buyback program

The buyback transactions over the course of 2012 totaled 1.7 million shares (average price per share of R$9.40). This repurchase was authorized within the scope of the buyback program started June 16, 2011 and ended June 30, 2012 that totaled 60.0 million shares, of which in 2011 was repurchased 29.6 million shares, and in 2012, 31.3 million shares (at average R$9.22 per share).

Additionally, on June 26, 2012, the board of directors authorized a new buyback program for a total up to 60 million shares. The new program is set to end on June 28, 2013.

Value Added Statement

BM&FBOVESPA increased its wealth generation and distribution capacity for its wide range of publics in 2012, distributing BRL 2,375.2 million, which was 5.6% more than in 2011. The highlight was BRL 1,074.3 million distributed to shareholders in the Exchange in 2012, up 56.7% on the previous year.[EC1]

For additional information about the company and the markets that it operates, see the Reference Form in the BM&FBOVESPA Investor Relations website at http://ri.bmfbovespa.com.br and in the Brazilian Securities Commission (CVM) at www.cvm.gov.br.

Financial Statements

Balance Sheet at December 31, 2012

(In thousands of reais)

		BM&FBOVESPA		Consolidated	
Assets	**Notes**	**2012**	**2011**	**2012**	**2011**
Current		3.387.845	3.348.607	3.536.282	2.401.134
Cash and cash equivalents	4 (a)	36.326	63.716	43.642	64.648
Financial investments	4 (b)	3.093.547	3.080.853	3.233.361	2.128.705
Accounts receivable	5	55.093	45.061	56.849	46.514
Other receivables	6	4.654	11.491	4.141	11.767
Taxes recoverable and prepaid	19 (d)	180.442	130.093	180.458	132.058
Prepaid expenses		17.783	17.393	17.831	17.442
Non-current		20.487.000	20.035.052	20.610.832	21.188.788
Long-term receivables		603.951	542.883	808.868	1.767.411
Financial investments	4 (b)	371.231	367.600	573.636	1.589.058
Deferred income tax and social contribution	19	132.286	80.550	132.286	80.550
Judicial deposits	14 (g)	97.510	94.178	97.822	95.048
Other receivables	6	-	555	2.200	2.755
Prepaid expenses		2.924	-	2.924	
Investments		3.014.319	2.785.455	2.928.820	2.710.086
Interest in associates	7 (a)	2.893.632	2.673.386	2.893.632	2.673.386
Interest in subsidiaries	7 (a)	120.687	112.069	-	-
Investment property	7 (b)	-	-	35.188	36.700
Property and equipment	8	356.579	352.590	360.993	357.164
Intangible assets	9	16.512.151	16.354.124	16.512.151	16.354.127
Goodwill		16.064.309	16.064.309	16.064.309	16.064.309
Software and projects		447.842	289.815	447.842	289.818
Total assets		**23.874.845**	**23.383.659**	**24.147.114**	**23.589.922**

		BM&FBOVESPA		Consolidated	
Liabilities and equity	**Notes**	**2012**	**2011**	**2012**	**2011**
Current		1.409.279	1.745.088	1.660.609	1.929.946
Collateral for transactions	17	1.134.235	1.501.022	1.134.235	1.501.022
Earnings and rights on securities in custody	10	43.975	39.038	43.975	39.038
Suppliers		60.333	56.038	60.562	56.409
Salaries and social charges		73.588	59.310	74.492	59.995
Provision for taxes and contributions payable	11	27.502	31.008	28.358	31.814
Income tax and social contribution		-	-	2.564	4.486
Interest payable on debt issued abroad and loans	12	36.882	33.566	36.882	33.566
Dividends and interest on own capital payable		1.845	4.177	1.845	4.177
Other liabilities	13	30.919	20.929	277.696	199.439
Non-current		3.067.648	2.397.571	3.072.623	2.402.485
Debt issued abroad and loans	12	1.242.239	1.138.659	1.242.239	1.138.659
Deferred income tax and social contribution	19	1.739.644	1.204.582	1.739.644	1.204.582
Provision for contingencies and legal obligations	14	58.232	54.330	63.207	59.244
Post-retirement health care benefit	18 (c)	27.533	-	27.533	-
Equity	15	19.397.918	19.241.000	19.413.882	19.257.491
Capital and reserves attributable to shareholders of BM&FBOVESPA					
Capital		2.540.239	2.540.239	2.540.239	2.540.239
Capital reserve		16.037.369	16.033.895	16.037.369	16.033.895
Revaluation reserves		21.946	22.532	21.946	22.532
Revenue reserves		577.884	804.025	577.884	804.025
Treasury shares		(484.620)	(521.553)	(484.620)	(521.553)
Carrying value adjustments - other comprehensive income		316.397	128.257	316.397	128.257
Additional dividend proposed		388.703	233.605	388.703	233.605
Retained Earnings		19.397.918	19.241.000	19.397.918	19.241.000
Non-controlling interest		-	-	15.964	16.491
Total liabilities and equity		23.874.845	23.383.659	24.147.114	23.589.922

Statement of Income

Period ended December 31, 2012

(In thousands of reais, unless otherwise stated)

	Notes	BM&FBOVESPA 2012	BM&FBOVESPA 2011	Consolidated 2012	Consolidated 2011
Revenue	20	**2.034.839**	**1.872.767**	**2.064.750**	**1.904.684**
Operating expenses		**(742.581)**	**(792.821)**	**(763.080)**	**(816.664)**
Administrative and general					
Personnel and related charges		(341.957)	(339.728)	(353.880)	(351.608)
Data processing		(99.220)	(100.619)	(102.805)	(104.422)
Depreciation and amortization		(91.944)	(73.428)	(93.742)	(75.208)
Outsourced services		(48.641)	(49.330)	(51.434)	(51.803)
Maintenance in general		(10.013)	(9.895)	(10.809)	(10.588)
Communications		(17.464)	(22.731)	(17.635)	(22.959)
Promotion and publicity		(18.758)	(38.100)	(19.280)	(38.609)
Taxes		(41.909)	(15.083)	(42.294)	(15.385)
Board and committee members' compensation		(6.634)	(6.262)	(6.634)	(6.262)
Contribution to the Mecanismo de Ressarcimento de Prejuízos	17 (e)	-	(92.342)	-	(92.342)
Sundry	21	(66.041)	(45.303)	(64.567)	(47.478)
Equity in results of investees	7	**157.652**	**225.710**	**149.270**	**219.461**
Finance results	22	**206.260**	**277.538**	**208.851**	**280.729**
Finance income		294.291	352.957	297.217	357.720
Finance expenses		(88.031)	(75.419)	(88.366)	(76.991)
Income before taxation of profit		**1.656.170**	**1.583.194**	**1.659.791**	**1.588.210**
Income tax and social contribution	19 (c)	**(581.880)**	**(535.195)**	**(585.535)**	**(539.681)**
Current		(63.659)	(44.936)	(67.314)	(49.422)
Deferred		(518.221)	(490.259)	(518.221)	(490.259)
Net Income		**1.074.290**	**1.047.999**	**1.074.256**	**1.048.529**
Attributable to:					
Shareholders of BM&FBOVESPA		1.074.290	1.047.999	1.074.290	1.047.999
Non-controlling interest				(34)	530
Net income per share attributable to shareholders (in R$ per share)	15 (h)				
Basic				0,556512	0,537789
Diluted				0,555066	0,536588

Statement of Comprehensive Income

Period ended December 31, 2012

(In thousands of reais)

	BM&FBOVESPA 2012	BM&FBOVESPA 2011	Consolidated 2012	Consolidated 2011
Profit for the year	**1.074.290**	**1.047.999**	**1.074.256**	**1.048.529**
Valuation adjustments	**188.140**	**216.937**	**188.140**	**216.937**
Exchange variation on investment in foreign associate	240.676	297.278	240.676	297.278
Hedge of net investment in foreign operation	(102.632)	(128.275)	(102.632)	(128.275)
Tax effects on hedge of net investment in a foreign operation	34.895	43.613	34.895	43.613
Exchange variation on investment in foreign associate	15.180	4.321	15.180	4.321
Mark to market of financial assets available for sale	21	-	21	-
Total comprehensive income for the year	**1.262.430**	**1.264.936**	**1.262.396**	**1.265.466**
Attributable to:	**1.262.430**	**1.264.936**	**1.262.396**	**1.265.466**
Shareholders of BM&FBOVESPA	1.262.430	1.264.936	1.262.430	1.264.936
Non-controlling interest			(34)	530

Statement of Changes in Shareholders' Equity

Period ended December 31, 2012

(In thousands of reais)

			Attributable to the shareholders of BM&FBOVESPA										
					Revenue reserves (Note 15(e))								
	Note	**Capital**	**Capital reserve**	**Revaluation reserve (Note 15(c))**	**Legal**	**Statutory**	**Treasury shares (Note 15(b))**	**Valuation Adjustments**	**Aditional dividends proposed**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
At December 31, 2010		2.540.239	16.662.480	22.971	3.453	844.205	(613.903)	(88.680)	32.000	-	19.402.765	16.283	19.419.048
Exchange variation on foreign investment		-	-	-	-	-	-	297.278	-	-	297.278	-	297.278
Hedge of net investment, net of taxes		-	-	-	-	-	-	(84.662)	-	-	(84.662)	-	(84.662)
Other comprehensive income of foreign associate		-	-	-	-	-	-	4.321	-	-	4.321	-	4.321
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**216.937**	**-**	**-**	**216.937**	**-**	**216.937**
Effect of ownership increase		-	-	-	-	-	-	-	-	-	-	**(322)**	**(322)**
Realization of revaluation reserve - subsidiaries		-	-	(439)	-	-	-	-	-	-	(439)	-	(439)
Repurchase of shares	15(b)	-	-	-	-	-	(606.889)	-	-	-	(606.889)	-	(606.889)
Disposal of treasury shares - exercised options	18	-	(40.260)	-	-	-	57.284	-	-	-	17.024	-	17.024
Cancellation of treasury shares	15(b)	-	(641.955)	-	-	-	641.955	-	-	-	-	-	-
Recognition of stock option plan	18	-	53.630	-	-	-	-	-	-	-	53.630	-	53.630
Approval/payment of additional dividends proposed	15(g)	-	-	-	-	(406.086)	-	-	(32.000)	-	(438.086)	-	(438.086)
Net income		-	-	-	-	-	-	-	-	1.047.999	1.047.999	530	1.048.529
Appropriation of net income													
Dividends	15(g)	-	-	-	-	-	-	-	233.605	(535.546)	(301.941)	-	(301.941)
Interest on own capital	15(g)	-	-	-	-	-	-	-	-	(150.000)	(150.000)	-	(150.000)
Constitution of statutory reserve		-	-	-	-	362.453	-	-	-	(362.453)	-	-	-
At December 31, 2011		2.540.239	16.033.895	22.532	3.453	800.572	(521.553)	128.257	233.605	-	19.241.000	16.491	19.257.491
Exchange variation on investment in foreign associate		-	-	-	-	-	-	240.676	-	-	240.676	-	240.676
Hedge of net investment in foreign operation		-	-	-	-	-	-	(67.737)	-	-	(67.737)	-	(67.737)
Comprehensive income in foreign affiliate		-	-	-	-	-	-	15.180	-	-	15.180	-	15.180
Mark to market of financial assets available for sale		-	-	-	-	-	-	21	-	-	21	-	21
Total Comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**188.140**	**-**	**-**	**188.140**	**-**	**188.140**
Effect of ownership increase		-	-	-	-	-	-	-	-	-	-	(493)	(493)
Realization of revaluation reserve - subsidiaries		-	-	(586)	-	-	-	-	-	586	-	-	-
Repurchase of shares	15(b)	-	-	-	-	-	(16.303)	-	-	-	(16.303)	-	(16.303)
Disposal of treasury shares - exercised options	18	-	(28.832)	-	-	-	53.236	-	-	-	24.404	-	24.404
Recognition of stock option plan	18	-	32.306	-	-	-	-	-	-	-	32.306	-	32.306
Approval/payment of dividends of 2011	15(g)	-	-	-	-	(226.727)	-	-	(233.605)	-	(460.332)	-	(460.332)
Net income for the period		-	-	-	-	-	-	-	-	1.074.290	1.074.290	(34)	1.074.256
Appropriation of net income:													
Dividends	15(g)	-	-	-	-	586	-	-	388.703	(984.876)	(595.587)	-	(595.587)
Interest on own capital	15(g)	-	-	-	-	-	-	-	-	(90.000)	(90.000)	-	(90.000)
At December 31, 2012		2.540.239	16.037.369	21.946	3.453	574.431	(484.620)	316.397	388.703	-	19.397.918	15.964	19.413.882

Statement of Cash Flows

Period ended December 31, 2012

(In thousands of reais)

	BM&FBOVESPA		Consolidated	
	2012	2011	2012	2011
Cash flows from operating activities				
Net income for the year	1.074.290	1.047.999	1.074.256	1.048.529
Adjustments for:				
Depreciation and amortization	91.944	73.428	93.742	75.208
Profit on sale of property and equipment	(202)	(1.102)	(202)	(1.116)
Software and projects write-off	3.620	7.795	3.620	7.795
Deferred income tax and social contribution	518.221	490.259	518.221	490.259
Equity in results of associates	(157.652)	(225.710)	(149.270)	(219.461)
Variation in Non-controlling interest participation	-	-	(493)	(322)
Expenses related to the stock option plan	32.306	53.630	32.306	53.630
Interest expense	80.199	69.412	80.199	69.412
Provision for losses in accounts receivable	1.156	1.086	1.156	1.086
Variation in financial investments and collateral for transactions	(383.112)	160.964	(456.021)	159.982
Variation in taxes recoverable and prepaid	9.847	37.891	11.797	36.772
Variation in accounts receivable	(11.188)	3.905	(11.491)	3.799
Variation in other receivables	7.179	1.191	8.203	1.684
Variation in prepaid expenses	(3.314)	(8.397)	(3.313)	(8.437)
Variation In judicial deposits	(3.332)	(2.289)	(2.774)	(2.670)
Variation in earnings and rights on securities in custody	4.937	4.247	4.937	4.247
Variation in Suppliers	4.295	(24.737)	4.153	(24.419)
Variation in provision for taxes and contributions payable	(3.506)	7.325	(3.456)	7.833
Variation in provisions for income tax and social contribution	-	(2.586)	(1.922)	(1.090)
Variation in salaries and social charges	14.278	(3.867)	14.497	(4.356)
Variation in other liabilities	37.291	(3.810)	105.558	(16.706)
Variation in provision for contingencies	3.902	(1.470)	3.963	2.654

	BM&FBOVESPA		Consolidated	
	2012	2011	2012	2011
Net cash provided by operating activities	**1.321.159**	**1.685.164**	**1.327.666**	**1.684.313**
Cash flows from investing activities				
Proceeds from sale of property and equipment	2.046	4.983	2.103	5.030
Payment for purchase of property and equipment	(67.377)	(45.504)	(67.557)	(46.070)
Dividends received	124.470	32.907	124.470	32.907
Proceeds from sale of assets not held for use	-	195	-	195
Capital increase in subsidiaries	-	(1.433)	-	-
Pay of softwares and projects	(191.815)	(168.582)	(191.815)	(168.582)
Net cash used in investing activities	**(132.676)**	**(177.434)**	**(132.799)**	**(176.520)**
Cash flows from financing activities				
Disposal of treasury shares - stock options exercised	24.404	17.024	24.404	17.024
Repurchase of shares	(16.303)	(606.888)	(16.303)	(606.888)
Changes in borrowings	-	(857)	-	(857)
Interest payed	(75.723)	(67.819)	(75.723)	(67.819)
Payment of dividends/ interest on own capital	(1.148.251)	(888.622)	(1.148.251)	(888.622)
Net cash used in financing activities	**(1.215.873)**	**(1.547.162)**	**(1.215.873)**	**(1.547.162)**
Net decrease in cash and cash equivalents	**(27.390)**	**(39.432)**	**(21.006)**	**(39.369)**
Cash and cash equivalents at the beginning of the year	63.716	103.148	64.648	104.017
Cash and cash equivalents at the end of the year	36.326	63.716	43.642	64.648

Statement of Value Added - Supplementary Information

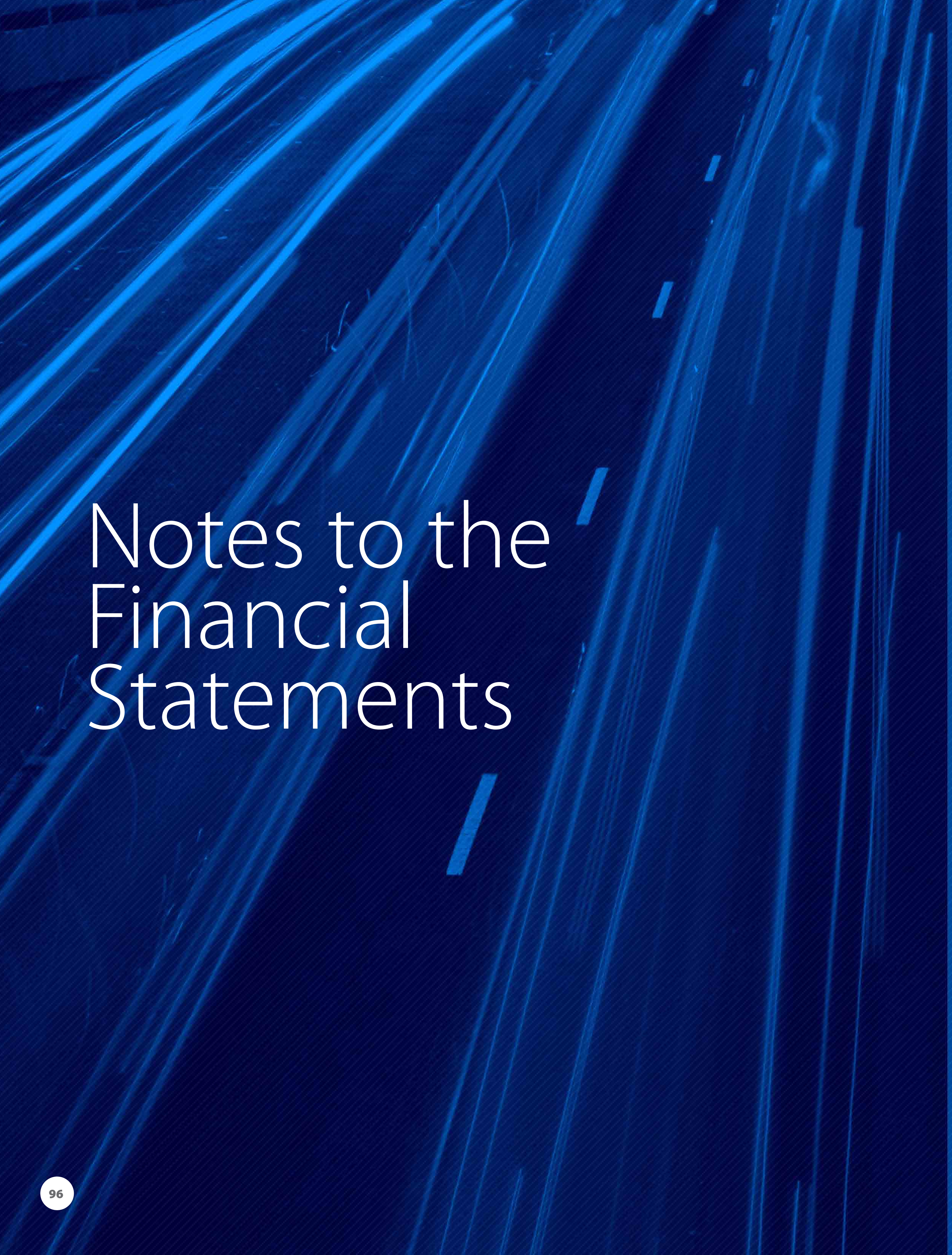
Period ended December 31, 2012

(In thousands of reais)

	BM&FBOVESPA		Consolidated	
	2012	2011	2012	2011
1 - Revenues	**2.256.736**	**2.082.106**	**2.289.023**	**2.115.983**
Trading and/or settlement system	1.899.881	1.724.947	1.899.881	1.724.947
Other operating revenues	356.855	357.159	389.142	391.036
2 – Goods and services acquired from third parties	**260.137**	**358.320**	**266.530**	**368.201**
Expenses (a)	260.137	358.320	266.530	368.201
3 – Gross value added (1-2)	**1.996.599**	**1.723.786**	**2.022.493**	**1.747.782**
4 - Retentions	**91.944**	**73.428**	**93.742**	**75.208**
Depreciation and amortization	91.944	73.428	93.742	75.208
5 – Net value added produced (3-4)	**1.904.655**	**1.650.358**	**1.928.751**	**1.672.574**
6 – Value added transferred from others	**451.943**	**578.667**	**446.487**	**577.181**
Equity in results of investees	157.652	225.710	149.270	219.461
Finance income	294.291	352.957	297.217	357.720
7 – Total value added to be distributed (5+6)	**2.356.598**	**2.229.025**	**2.375.238**	**2.249.755**
8 - Distribution of value added	**2.356.598**	**2.229.025**	**2.375.238**	**2.249.755**
Personnel and payroll charges	341.957	339.728	353.880	351.608
Board and committee members' compensation	6.634	6.262	6.634	6.262
Income tax,rates and contributions (b)				
Federal	817.538	736.463	822.993	742.622
Municipal	28.148	23.154	29.109	23.743
Finance costs	88.031	75.419	88.366	76.991
Interest on own capital and dividends	1.074.290	685.546	1.074.290	685.546
Profit retained	-	362.453	-	362.453
Non-controlling interest	-	-	(34)	530

(a) Operating expenses (excludes personnel, board compensation, depreciation and taxes and fees)

(b) Including: taxes and rates, PIS, COFINS, ISS and income tax and social contribution (current and deferred).



Notes to the Financial Statements

at December 31, 2012 (All amounts in thousands of reais, unle otherwise stated)

BM&FBOVESPA The New Exchange

ANNUAL REPORT 2012

1. Operations

BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros (BM&FBOVESPA) is a publicly- traded corporation whose objective is to carry out or invest in companies engaged in, the following activities:

- Management of organized securities markets, promoting for the organization, operation and development of free and open markets for the trading of any types of securities or contracts, that have as reference or objective financial assets, indices, indicators, rates, goods, currencies, energy, transportation, commodities and other assets or rights directly or indirectly related to thereto, for spot or future settlement;

- Maintenance of appropriate environments or systems for carrying out purchases, sales, auctions and special operations involving securities, notes, rights and assets, in the stock exchange market and in the organized over-the-counter market;

- Rendering services of registration, clearing and settlement, both physical and financial, internally or through a company especially incorporated for this purpose, assuming or not the position of central counterparty and guarantor of the definite settlement, under the terms of applicable legislation and its own regulations;

- Rendering services of central depository and custody of fungible and non-fungible goods, marketable securities and any other physical and financial assets;

- Providing services of standardization, classification, analysis, quotations, statistics, professional education, preparation of studies, publications, information, libraries and software on matters of interest to BM&FBOVESPA and the participants in the markets directly or indirectly managed by it;

- Providing technical, administrative and managerial support for market development, as well as carrying out educational, promotional and publishing activities related to its objective and to the markets managed by it;

- Performance of other similar or related activities authorized by the Brazilian Securities Commission (CVM); and

- Investment in the capital of other companies or associations, headquartered in Brazil or abroad, as a partner, shareholder or member pursuant to the pertinent regulations.

BM&FBOVESPA organizes, develops and provides for the operation of free and open securities markets, for spot and future settlement. Its activities are carried out through its trading systems and clearinghouses and include transactions with securities, interbank foreign exchange and securities under custody in the Special System for Settlement and Custody (Selic).

BM&FBOVESPA develops technology solutions and maintains high performance systems, providing its customers with security, agility, innovation and cost effectiveness. The success of its activities depends on the ongoing improvement, enhancement and integration of its trading and settlement platforms and its ability to develop and license leading-edge technologies required for the good performance of its operations.

The subsidiary Bolsa Brasileira de Mercadorias is engaged in the registration and settlement of spot, forward and options transactions involving commodities, assets and services for physical delivery, as well as securities representing these products, in the primary and secondary markets.

With the objective of responding to the needs of customers and the specific requirements of the market, its wholly-owned subsidiary Banco BM&F de Serviços de Liquidação e Custódia S.A. provides its members and its clearinghouses with a centralized custody service for the assets pledged as margin for transactions.

The subsidiaries BM&FBOVESPA UK Ltd. located in London and BM&F USA Inc., located in the city of New York (USA), and a representative office in Shanghai (China) represent BM&FBOVESPA abroad through relationships with other exchanges and regulators, as well as assisting in the procurement of new clients for the market.

2. Preparation and Presentation of the financial information

This financial statement was approved by the Board of Directors of BM&FBOVESPA on February 19, 2013.

The financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil, in compliance with the provisions contained in the Brazilian Corporate Law, and embody the changes introduced through the Laws 11,638/07 and 11,941/09, complemented by the pronouncements, interpretations and guidelines of Accounting Pronouncements Committee – CPC, approved by resolutions of the Federal Accounting Council – CFC and rules of Brazilian Securities Commission – CVM.

The preparation of financial statements information requires the use of critical accounting estimates and also the exercise of judgment by management in the process of applying the accounting policies of BM&FBOVESPA. Those areas that require higher degrees of judgment and have greater complexity, as well as areas where assumptions and estimates are significant to the consolidated financial statements information are disclosed in Note 3 (x).

(a) Consolidated financial statements information

The consolidated financial statements information are prepared and presented in accordance with accounting practices adopted in Brazil, including the pronouncements, interpretations and guidelines of the Accounting Pronouncements Committee (CPCs) and in accordance with International Financial Reporting Standards – IFRS, issued by the International Accounting Standards Board - IASB

The consolidated financial statements information include the balances of BM&FBOVESPA and its subsidiaries, as well as special purpose entities comprising investment funds, as follows:

	Ownership %
Subsidiaries and controlled entities	
Banco BM&FBOVESPA de Liquidação e Custódia S.A. ("Banco BM&FBOVESPA")	100.00
Bolsa Brasileira de Mercadorias	51.39
Bolsa de Valores do Rio de Janeiro – BVRJ ("BVRJ")	86.95
BM&F USA Inc.	100.00
BM&FBOVESPA UK Ltd.	100.00

Investment funds:
Bradesco Fundo de Investimento Multimercado Letters
BB Pau Brasil Fundo de Investimento Renda Fixa
HSBC Fundo de Investimento Renda Fixa Longo Prazo Eucalipto
Araucária Renda Fixa Fundo de Investimento

(b) Unconsolidated financial statements information

The unconsolidated financial statements information of the BM&FBOVESPA are prepared in accordance with accounting practices adopted in Brazil, as issued by the Accounting Pronouncements Committee (CPC) and are published together with the consolidated financial statements information.

In the unconsolidated financial statements information (BM&FBOVESPA), subsidiaries using recorded on the equity method. The same adjustments are made both in the individual and consolidated financial statements information to achieve the same result and net assets attributable to controlling shareholders.

3. Significant Accounting Practices

a. Consolidation

The following accounting policies are applied in preparing the consolidated financial statements information.

Subsidiaries

Subsidiaries are all entities over which BM&FBOVESPA has the power to govern the financial and operating policies, generally accompanied by a participation of more than half of the voting rights (voting capital). The existence and effect of potential voting rights currently exercisable or convertible are considered when assessing whether BM&FBOVESPA controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to BM&FBOVESPA. Consolidation is discontinued from the date on which control ends.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. The accounting policies of subsidiaries are altered where necessary to ensure consistency with the practices adopted by BM&FBOVESPA.

Associates

Associates are all entities over which BM&FBOVESPA has significant influence but not control. Investments in associates are recorded on the equity method and are initially recognized at the cost of each purchase. BM&FBOVESPA's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment.

The share of BM&FBOVESPA in the post-acquisition profits or losses of associates is recognized in the statement of income and its share in post-acquisition changes in other comprehensive income recognized in other comprehensive income. The cumulative post-acquisition changes are adjusted against the carrying value of the investment. When the share of BM&FBOVESPA in the losses of an associate equals or exceeds its investment in the associate, including any other receivables, BM&FBOVESPA does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains arising from transactions between BM&FBOVESPA and its associates are eliminated to the extent of the participation of BM&FBOVESPA in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. The accounting policies of associates have been altered where necessary to ensure consistency with the practices adopted by BM&FBOVESPA.

b. Revenue recognition

Revenues from the trading and settlement systems are recognized upon the completion of the transactions or the provision of the service, under the accrual method of accounting. The amounts received as annual fees, as in the cases of listing of securities and certain contracts for sale of market information, are recognized pro rata monthly over the contractual term.

c. Cash and cash equivalents

The balances of cash and cash equivalents for cash flow statement purposes comprise cash and bank deposits.

d. Financial instruments

(i) Classification and measurement

BM&FBOVESPA classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets when they are first recorded.

Considering the nature and objective of BM&FBOVESPA and its financial investment portfolio, these are classified as financial assets at fair value through profit or loss, designated at inception.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets held for active and frequent trading (derivative financial instruments classified as current assets) or assets designated by the entity, at inception as measured at fair value through profit or loss at inception (other financial instruments (Note 4)). Gains or losses arising from the changes in fair value of financial instruments are recorded in the statement of income in "financial results" for the period in which they occur.

Loans and receivables

These comprise loans granted and receivables which are non-derivative financial assets with fixed or determinable payments, not quoted in an active market. Loans and receivables are included in current assets, except for those with maturity of more than 12 months after the balance sheet date (which are classified as non-current assets). The loans and receivables of BM&FBOVESPA comprise customer receivables. Loans and receivables are recorded at amortized cost, based on the effective interest rate method, reduced by any impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives which are classified in this category or not classified in any other. Available-for-sale financial assets are recorded at fair value. Interest on available-for-sale securities, calculated based on the effective interest rate method, is recognized in the statement of income as finance income. The amount relating to the changes in fair value is recorded in comprehensive income and is transferred to the statement of income when the asset is sold or becomes impaired.

Management periodically monitors its outstanding positions and possible risks of impairment of financial assets. Therefore, based on the nature of these assets (mostly highly liquid government securities), BM&FBOVESPA has no significant impairment history.

The carrying amount of financial assets is reduced directly for impairment. Subsequent recoveries of amounts previously written off are recognized in results.

Fair value

Fair values of investments with public quotations are based on current market prices. For financial assets without an active market or public quotation, BM&FBOVESPA determines fair value through valuation techniques.

(ii) Derivative instruments

Initially, derivatives are recognized at fair value on the date the derivative agreement is signed and, subsequently, they are measured at fair value, with the changes in fair value recognized in the statement of income, except when the derivative is recorded as a net investment hedge.

(iii) Hedge of net investments

Any gain or loss on the hedging instrument related to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss related to the ineffective portion is recognized immediately in the statement of income.

Gains and losses accumulated in other comprehensive income are transferred to the income statement when the hedged foreign operation is partially disposed of or sold.

(iv) Hedge effectiveness analysis

BM&FBOVESPA adopts the Dollar offset method as the methodology for retrospective effectiveness test on a cumulative and spot basis. For prospective analysis, BM&FBOVESPA uses stress scenarios applied to the range of 80% to 125%.

e. Accounts receivable, other receivables and allowance for doubtful accounts

Accounts receivable are amounts receivable for fees and services in the normal course of activities of BM&FBOVESPA. If the collection is expected in one year or less (or another period that meets the normal cycle of BM&FBOVESPA), the accounts receivable are classified as current assets. Otherwise, they are presented as noncurrent assets.

Receivables are initially recognized at fair value and adjusted by a provision if necessary.

f. Prepaid expenses

Prepaid expenses mainly relate to software maintenance contracts and insurance premiums, and are amortized over the life of the contracts.

g. Non-current available for sale assets

Non-current assets are classified as available for sale when their carrying amount is recoverable, mainly through a sale, and when this sale is practically certain. These assets are measured at the lower of the carrying amount and the fair value less costs to sell.

h. Intangible assets

Goodwill

Goodwill represents the positive difference between the amount paid and / or payable for the acquisition of a business and the net fair value of assets and liabilities of the acquiree. Goodwill on acquisitions is recorded in "intangible assets". If the difference is negative, representing a negative goodwill, it is recognized as a gain in income at the date of acquisition. Goodwill is tested annually for impairment, and indications of possible impairment are reassessed in shorter periods. Goodwill is stated cost less accumulated impairment losses. Recognized impairment losses on goodwill are not subsequently reversed.

Goodwill is allocated to Cash Generating Units (CGUs) for purposes of impairment testing. The allocation is made to the CGUs that should benefit from the business combination in which the goodwill arose.

Software and projects

Software licenses acquired are capitalized and amortized over their estimated useful life, at the rates mentioned in Note 9.

Costs of software development or maintenance are expensed as incurred. Expenditures directly associated with the development of identifiable and unique software, controlled by BM&FBOVESPA and which will probably generate economic benefits greater than the costs for more than one year, are recognized as intangible assets.

Amortization expense is recognized in the statement of income unless it is included in the carrying amount of another asset. In such cases, amortization of intangible assets used for development activities is included as part of the cost of the other intangible asset.

Expenditures for development of software recognized as assets are amortized using the straight-line method over their useful lives, at the rates described in Note 9.

i. Step acquisition of associate

The cost of an associate acquired in steps is measured as the total of the amounts paid in each transaction.

The gains or losses previously recognized in comprehensive income, while the investment was classified as available for sale, are reversed against the investment account, which is restated to cost.

Goodwill is calculated at each step of acquisition as the difference between the acquisition cost and the fair value of net assets in proportion to the interest acquired.

The total book value of the investment is tested for impairment, by comparing the carrying value with its recoverable amount (proceeds from sale, net of selling cost or value in use, whichever is greater) when the requirements of the CPC 38/IAS 39 indicate a potential impairment.

j. Property and equipment

Recorded at cost of acquisition or construction, less accumulated depreciation. Depreciation is calculated on the straight-line method and takes into consideration the estimated useful lives of the assets, and their residual value. At the end of each year, the residual values and useful lives of assets are reviewed and adjusted if necessary.

Subsequent costs are included in the carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits will be obtained and the cost of the item can be measured reliably. All other repairs and maintenance are recorded in the statement of income, as incurred.

Depreciation expense is recognized in the statement of income unless it is included in the carrying amount of another asset. Depreciation of fixed assets used for development activities is included as part of the cost of the related intangible asset.

k. Contingent assets and liabilities and legal obligations

The recognition, measurement, and disclosure of contingent assets and liabilities and legal obligations comply with the criteria defined in CPC 25/IAS 37.

- **Contingent assets** - These are not recognized in the financial statements information, except when management has full control over their realization or when there are secured guarantees or favorable court decisions to which no further appeals are applicable, such that the gain is virtually certain. Contingent assets with realization considered probable, where applicable, are only disclosed in the financial statements information.

- **Contingent liabilities** - These are recognized taking into account: the opinion of legal advisors; the nature of the lawsuits; similarity with previous cases and prior court decisions recognized whenever the loss is evaluated as probable, an outflow of resources for the settlement of the obligations, and the amounts involved are measurable with sufficient reliability. The contingent liabilities classified as possible losses are not recorded and are only disclosed in the notes to the financial statements information, and those classified as remote are neither recognized nor disclosed.

- **Legal obligations** – These result from tax lawsuits in which BM&FBOVESPA is challenging the validity or constitutionality of certain taxes and charges, recognized at full amount under discussion.

- **Other provisions** - Provisions are recognized when BM&FBOVESPA has a present obligation, legal or constructive, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

l. Judicial deposits

Judicial deposits are related to tax, civil or labor contingencies and are adjusted by inflation rate and presented in non-current assets.

m. Collateral for transactions

Comprises amounts received from market participants as collateral for default or insolvency. Amounts received in cash are recorded as liabilities and other collateral are managed off-balance. Both types of collateral received are not subject to interest or any other charges.

n. Other assets and liabilities

These are stated at their known and realizable/settlement amounts plus, where applicable, related earnings and charges and monetary and/or exchange rate variations up to the balance sheet date.

o. Impairment of assets

Assets that have an indefinite life, such as goodwill, are not subject to amortization and are tested annually for impairment, and evidences of impairment are reviewed in shorter periods. The assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized at the amount by which the asset's carrying amount exceeds its recoverable amount, and indications of possible impairment are reassessed in shorter periods. This latter amount is the higher of the fair value of an asset less selling costs and the value in use.

For purposes of evaluation of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units (CGU). The non-financial assets, except goodwill, which have suffered impairment are reviewed subsequently to analyze a possible reversal of the impairment at the balance sheet date.

p. Leases

Leases of property and equipment in which BM&FBOVESPA substantially assumes all ownership risks and benefits are classified as finance leases. These finance leases are recorded as a financed purchase, recognizing at the beginning of the lease a property and equipment item and a financing liability (lease). Property and equipment acquired in finance leases are depreciated over the shorter of the lease or their useful lives.

A lease in which a significant portion of the ownership risks and benefits remains with the lessor is classified as an operating lease. Operating lease payments (net of all incentives received from the lessor) are charged directly to profit or loss.

q. Employee benefits

(i) Pension obligations

BM&FBOVESPA maintains a defined contribution retirement plan, with voluntary participation available to all employees. The Company has no obligations to make additional payments as a sponsor. The regular contributions are included in the personnel costs in the period when they are owed.

(ii) Share-based remuneration (stock options)

BM&FBOVESPA maintains a long-term remuneration plan, structured by options granted to purchase the Company´s shares under the Stock Option Plan. The objective is to give to the employees of BM&FBOVESPA and its subsidiaries the opportunity to become shareholders of BM&FBOVESPA, obtaining a greater alignment between their interests and the shareholders' interests as well as allow BM&FBOVESPA and its subsidiaries to attract and keep their management and employees. The fair value of options granted is recognized as an expense during the vesting period (the period during which the specific vesting conditions must be met), which typically is the period in which the service is provided. At the balance sheet date, BM&FBOVESPA reviews its estimates of the number of options that will vest based on the established conditions. BM&FBOVESPA recognizes the impact of any changes to the original estimates, if any, in the income statement, with a counter-entry to a capital reserve in shareholders' equity.

(iii) Profit sharing

BM&FBOVESPA has semi-annual variable remuneration, organized and paid in cash through the Profit Sharing Program (PLR). The program defines the potential multiple of monthly salary, based on individual performance indicators, which consider factors specific to each function (job level), and indicators of the overall performance of BM&FBOVESPA, aiming to align the remuneration of employees with the short and medium-term results of the Company. The provision for the related expense is recognized in income on an accrual basis.

(iv) Other post-employment obligations

BM&FBOVESPA offers post-retirement healthcare benefits to employees who have acquired this right until May 2009. The right to these benefits is conditional upon continued employment until the retirement age and the completion of a minimum service period. The expected costs of these benefits are accumulated over the period of employment or the expected utilization of the benefit, using actuarial calculations which consider life expectancy of the group in question, increase in costs due to age and medical inflation, inflation and discount rate. Deducted from these costs are the contributions that participants make according to the specific rule of the Health Care Plan. The actuarial gains and losses calculated on the extension of medical care to retirees are recognized in income in accordance with the rules of IAS 19 and CPC 33 - Employee Benefits, based on actuarial calculation prepared by an independent actuary, according to Note 18 (c). These obligations are measured, annually, by qualified independent actuaries.

r. Borrowings

Borrowings are initially recognized at fair value, upon receipt of the funds, net of transaction costs. Subsequently, they are presented at amortized cost. Any difference between the funds raised (net of transaction costs) and the amount repayable is recognized in the income statement over the period of the loans, using the effective interest rate method.

s. Foreign currency translation

The items included in financial statements information for each of the consolidated companies of BM&FBOVESPA are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements information are presented in Brazilian reais, which is the functional currency of BM&FBOVESPA.

Transactions in foreign currencies are translated into Brazilian Reais using the exchange rates prevailing on the transaction dates. The foreign exchange gains and losses arising from the settlement of these transactions and of the translation, at the exchange rates at the end of period, of assets and liabilities in foreign currencies, are recognized in the income statement, except when deferred in equity relating to a hedge of a net foreign investment.

Exchange differences on the net investments in foreign operations, which have a functional currency different from that of BM&FBOVESPA are recorded under "Valuation Adjustments" in other comprehensive income of BM&FBOVESPA, and are only taken to the statement of income when the investment is sold or written off. For equity method, unrealized gains in subsidiaries and affiliates are eliminated.

t. Taxes

BM&FBOVESPA is a for-profit business corporation and accordingly its results are subject to certain taxes and contributions.

(i) Current and deferred income tax and social contribution

Current and deferred income tax and social contribution are calculated at 15% with an additional 10% on taxable income (surtax) which exceeds R$240 for income tax and 9% for social contribution and recognizes that compensation for tax losses is limited to 30% of net income.

Income tax and social contribution expense of the period comprise current and deferred taxes. Taxes on profit are recognized in the income statement, except to the extent that they relate to items recognized directly in equity or other comprehensive income. In this case, the tax is also recognized in equity or other comprehensive income.
Income tax and social contribution deferred taxes are calculated on tax losses for income tax, the negative basis of social contribution and the r temporary differences between the bases of calculation of tax assets and liabilities and the carrying amounts in the financial statements information.

Deferred tax assets are recognized to the extent that it is probable sufficient future taxable profit will be available to offset temporary differences and/or tax losses, considering projections of future income prepared based on internal assumptions and future economic scenarios which may, accordingly, not materialize as expected.

Deferred tax liabilities are recognized in relation to all temporary differences that will result in amounts to be added in the calculation of taxable income for future years, when the value of the asset or liability is recovered or settled.

The deferred income tax and social contribution are determined using tax rates (and tax laws) enacted, or substantively enacted, at the balance sheet date, and should be applied when the deferred tax asset is realized or when the deferred tax liability is settled.

The amounts of Income tax and social contribution assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities and/or when the income tax and social contribution assets and liabilities relate to the income tax and social contribution levied by the same tax authority on the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(ii) Other Taxes

The other taxes charged over trading, clearing and settlement fees and other services were calculated at the rates of 1.65% for PIS and 7.60% for Cofins, and are recorded as an adjustment to revenue in the income statement.

Banco BM&FBOVESPA calculates the contributions to PIS and to COFINS at the rates of 0.65% and 4%, respectively, and CSLL at 15%.

The subsidiaries Bolsa Brasileira de Mercadorias and BVRJ are not-for-profit entities and pay contribution to PIS at the rate of 1% on payroll.

BM&FBOVESPA and its subsidiaries pay ISS over the services rendered at rates ranging from 2% to 5% depending on the nature of the service.

u. Earnings per share

For purposes of disclosure of earnings per share, basic earnings per share is calculated by dividing the profit attributable to shareholders of BM&FBOVESPA by the average number of outstanding during the period. Diluted earnings per share is calculated similarly, except that the quantity of outstanding shares is adjusted to reflect the outstanding shares with potentially dilutive effects, under the stock option plan (Note 15(h)).

v. Distribution of dividends and interest on capital

The distribution of dividends and interest on capital to shareholders of BM&FBOVESPA is recognized as a liability in the financial statements at year end, based on the bylaws. Any amount above the minimum is accrued only on the date it is approved by the shareholders at a General Meeting. The tax benefit over the interest on own capital is recorded in the income statement.

w. Segment information presentation

Operating segments are presented in a manner consistent with the internal reports provided to the Executive Board, which is responsible for the main operational and strategic decisions of BM&FBOVESPA.

x. Critical accounting estimates and judgments

i. Equity method of accounting

BM&FBOVESPA applies the equity method for its investments when it has the ability to exercise significant influence. The judgment of BM&FBOVESPA regarding the level of influence over the investment takes into account key factors such as the percentage of interest, representation on the Board of Directors, participation in defining policies and business strategies and material transactions between the companies. With respect to the investment in CME Group, its financial statements are originally prepared in accordance with the accounting principles generally accepted in the United States (USGAAP) and are adjusted to the Brazilian accounting practices before applying the equity method.

ii. Impairment

BM&FBOVESPA performs, annually or when required, tests of impairment, specifically related to goodwill and other non-financial/non-current assets, according to the accounting policy described in Note 3(o). The sensitivity analyzis are presented in note 7.

iii. Classification of financial instruments

BM&FBOVESPA classifies in financial assets in the categories of (i) measured at fair value through profit or loss and (ii) available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. The basis for the original classification of financial instruments is described in Note 3(d).

iv. Stock option plan

BM&FBOVESPA offers a stock option plan to its management and employees and service providers. The fair value of these options is recognized as an expense over the period in which the right is acquired. Management reviews the estimated amount of options that will achieve the conditions for vesting and subsequently recognizes the impact of changes in initial estimates, if any, in the statement of income, and in equity, as shown in Note 3(q).

v. Post-retirement health care

The obligations for the health care plan depend on actuarial calculations that use a series of assumptions, which are disclosed in Note 18(c). Changes in assumptions could affect the carrying value of the obligations for the health care plan.

4. Cash and Cash Equivalents and Financial Investments

a. Cash and cash equivalents

	BM&FBOVESPA	
Details	**2012**	**2011**
Banks - deposits in domestic currency	62	113
Banks - deposits in foreign currency	36,264	63,603
Total	**36,326**	**63,716**

	CONSOLIDATED	
Details	**2012**	**2011**
Banks - deposits in domestic currency	305	363
Banks - deposits in foreign currency	43,337	64,285
Total	**43,642**	**64,648**

Cash and cash equivalents are held with top tier financial institutions in Brazil or abroad. Deposits in foreign currency are primarily in U.S. dollars.

b. Financial Investments

The breakdown of financial investments by category, nature and time to maturity is as follows:

						BM&FBOVESPA	
Details	**Without maturity**	**Up to 3 months**	**More than 3 and up to 12 months**	**More than 12 months and up to 5 years**	**Morethan 5 years**	**2012**	**2011**
Financial assets measured at fair value through profit or loss							
Financial investment funds (1)	2,581,259	-	-	-	-	2,581,259	3,025,217
Interest account - Foreign deposits	34,457	-	-	-	-	34,457	1,448
Securities purchased under resell agreements (2)	-	-	-	-	-	-	2,423
Federal Government Securities							
Financial Treasury Bills	-	93,699	283,903	371,137	27	748,766	408,508
National Treasury Bills	-	-	88,531	18	-	88,549	-
National Treasury Notes	-	-	-	49	-	49	-
Other investments (3)	11,012	686	-	-	-	11,698	10,857

BM&FBOVESPA

Details	Without maturity	Up to 3 months	More than 3 and up to 12 months	More than 12 months and up to 5 years	Morethan 5 years	2012	2011
Total financial investments	**2,626,728**	**94,385**	**372,434**	**371,204**	**27**	**3,464,778**	**3,448,453**
Short term						**3,093,547**	**3,080,853**
Long term						**371,231**	**367,600**

CONSOLIDATED

Details	Without maturity	Up to 3 months	More than 3 and up to 12 months	More than 12 months and up to 5 years	More than 5 years	2012	2011
Financial assets measured at fair value through profit or loss							
Financial investment funds (4)	214,813	-	-	-	-	214,813	207,890
Interest account - Foreign deposits	34,457	-	-	-	-	34,457	2,404
Securities purchased under resell agreements (2)	-	2,207,606	27,973	-	-	2,235,579	1,810,960
Federal Government Securities							
Financial Treasury Bills	-	131,676	469,039	519,565	19,161	1,139,441	1,538,559
National Treasury Bills	-	1,500	88,531	22,818	-	112,849	85,812
National Treasury Notes	-	-	-	49	-	49	-
Other investments (3)	11,012	1,679	-	-	-	12,691	11,394
	260,282	2,342,461	585,543	542,432	19,161	3,749,879	3,657,019
Financial assets available for sale							
Federal Government Securities							
Financial Treasury Bills	-	12,121	32,904	10,852	-	55,877	58,370
National Treasury Bills	-	50	-	898	-	948	2,374
National Treasury Notes	-	-	-	293	-	293	-
	-	12,171	32,904	12,043	-	57,118	60,744
Total financial investments	**260,282**	**2,354,632**	**618,447**	**554,475**	**19,161**	**3,806,997**	**3,717,763**
Short term						**3,233,361**	**2,128,705**
Long term						**573,636**	**1,589,058**

(1) Refers to investments in financial investment funds, which the portfolios mainly comprise investments in federal government bonds and repurchased agreements that have the CDI as their profitability benchmark. The consolidated balances of investment funds are presented according to the nature and maturity of the portfolio in proportion of the net assets.

The net assets of the investment funds included in the consolidation are: (i) Bradesco FI Multimercado Letters - R$1,820,865 (2011 - R$2,245,045); (ii) BB Pau Brasil FI Renda Fixa – R$ 201,652 (2011 - R$176,081); (iii) HSBC FI Renda Fixa Longo Prazo Eucalipto – R$ 106,947 (2011 - R$100,284); (iv) Araucária Renda Fixa FI – R$ 235,954 (2011 - R$215,312); (v) Megainvest FICFI Renda Fixa – R$256,145 at December 31, 2011.

(2) Issued by first-tier banks and backed by Brazilian government bonds;

(3) The Refers mainly to investments in gold.

(4) The primary non exclusive investment fund is Bradesco Empresas FICFI Referenciado DI Federal, in the amount of R$ 214,783 (2011 - R$ 207,890).

The government bonds are held in custody at the Special System for Settlement and Custody (SELIC), the units of investment funds are held in custody with their respective managers and the shares are in the custody of BM&FBOVESPA's Equity and Corporate Debt Clearinghouse.

There was no reclassification of financial instruments between categories during the year.

Fair value

BM&FBOVESPA applies CPC40/IFRS7 for financial instruments measured at fair value, which requires disclosure of fair value measurements by level for the following hierarchy:

- Quoted prices (unadjusted) in active markets for similar assets or liabilities (level 1);
- Derived from quoted prices included in Level 1, either directly (as prices) or indirectly (level 2);
- Valuations that are not based on market data (unobservable) (level 3);

The fair value of the main financial instruments is calculated as follows:

Investment funds – based on the value of the unit determined on the last business day prior to the balance sheet date, as disclosed by the corresponding fund Manager.

Federal government securities – based on the amounts and prices disclosed by the Brazilian Association of Financial and Capital Market Institutions (ANBIMA) or, when these are unavailable, on the price defined by management which best reflects the sales value, determined based on information obtained from other institutions.

Securities purchased under agreements to resell – are recorded daily in accordance with the market price of the security.

Financial assets at fair value through profit and loss and derivative financial instruments are classified as level 1, ie, have quoted prices (unadjusted) in active markets.

During the three months period there was no impairment recorded on the financial assets available for sale.

Derivative financial instruments

Derivative financial instruments comprise future interest rate contracts (DI1) and are stated at their market values, These contracts are included in the fund portfolios which were consolidated (Note 2(a)) and are used to cover fixed interest rate exposures, swapping fixed interest rate for floating (CDI). Even though these derivatives are designed to provide protection, management has opted not to apply hedge accounting in respect to them.

The net result between the derivative transactions and the related financial instrument refers to the short position in future interest rate contracts, with market value of R$ 5,121 (2011 - R$394), and are presented as part of the finance result – Finance income/(expenses), The amounts related to the positive/negative daily adjustments are presented in Other receivables/liabilities, respectively.

The DI1 contracts have the same maturity dates as the fixed interest rate contracts to which they relate.

Financial risk management policy

BM&FBOVESPA´s policy for cash investments favors alternatives with very low risk, highly liquid and with sovereign risk, whose overall performance is tied to the Selic rate / CDI, resulting in a significant proportion of federal government securities in its portfolio, purchased directly, via repurchase agreements backed by government bonds and also through exclusive and non-exclusive funds.

Sensitivity analysis

The table below presents the net exposure of all financial instruments (assets and liabilities) by market risk factors, classified in accordance with its rates:

Exposure to Risk Factors (Consolidated)

		2012	2011
Risk factor	**Risk**	**Percentual**	**Percentual**
Floating Interest Rate	Lower CDI rate	95.40%	99.29%
Fixed interest rate	Higher fixed rate	3.59%	0.07%
Foreign exchange	Higher dollar exchange rate	0.68%	0.38%
Gold price	Lower gold price	0.32%	0.26%
Inflation	Lower inflation rate	0.01%	0.00%
		100.00%	100.00%

Interest rate risk

This risk arises from the possibility that fluctuations in future interest rates for the corresponding maturities could affect the fair value of BM&FBOVESPA's transactions.

- Floating-rate position

As a financial investment policy and considering the need for immediate liquidity with the least possible impact from interest rate fluctuations, BM&FBOVESPA maintains its financial assets and liabilities indexed to floating interest rates.

We present in the table below the possible impacts in the profit or loss of a change of 25% and 50% from the probable scenario for the CDI rate, for the next three months.

		Effect on profit or loss				
		Scenario	**Scenario**	**Scenario**	**Scenario**	**Scenario**
			-25%	**Probable**	**25%**	**50%**
Financial Investments	CDI/Selic	28,452	42,410	56,197	69,817	83,276
Index rates	CDI/Selic	3.47%	5.20%	6.93%	8.67%	10.40%

- Fixed-rate position

Part of BM&FBOVESPA´s financial investments earn fixed interest rates and this results in a net exposure to such rates. However, in terms of percentage, in view of the amounts involved, the effects on the portfolio are not considered material.

Exchange rate risk

This arises from the possibility that fluctuations in exchange rates in connection with the acquisition of services, product sales and financial instruments could have an impact on the related domestic currency amounts.
In addition to the amounts payable and receivable in foreign currencies, including interest payments on the senior unsecured notes in the next six month period, BM&FBOVESPA has third-party deposits in foreign currency to guarantee the settlement of transactions by foreign investors and also own funds in foreign currency abroad, At December 31, 2012 the net foreign currency exposure amounted to R$26,455 negative (R$4,938 at December 31, 2011), The effects on the portfolio are not considered material.

Liquidity risk

The following table shows the main financial liabilities of BM&FBOVESPA by maturity, represented in its entirety by non-derivative financial liabilities, on an undiscounted cash flows basis:

	Without maturity	**Less than 1 year**	**From 1 to 2 years**	**From 2 to 5 years**	**More than 5 years**
Collateral for transactions	1,134,235				
Issuance of debt abroad (1)		69,740	69,740	209,410	1,462,325

(1) Values converted into R$ using closing the rate of R$/USD

Credit Risk and capital management

BM&FBOVESPA prefers very low risk investments, where more than 99% of the allocation of assets is linked to government securities with rating's set by Standard & Poor's and Moody's of "a-" and "Baa2", respectively, for long-term issues in local currency and characterized as investment grade, in order to obtain high liquidity and sovereign risk, with overall performance linked to the Brazilian prime rate (interbank interest rate).

The issue of Senior Notes (Note 12) was linked to increasing our participation in CME and the creation of a strategic partnership between the companies, In addition, it serves as a natural hedge for the USD exposure generated by the increased investment in CME Group.

5. Accounts Receivable

The breakdown of accounts receivable is as follows:

	BM&FBOVESPA	
Details	**2012**	**2011**
Trading, other fees receivable	13,379	11,068
Annuity	5,323	4,732
Vendors – Signal broadcast	11,282	9,385
Trustee and custodial fees	21,588	16,010
Other accounts receivable	10,207	10,181
Provision for doubtful accounts	(6,686)	(6,315)
Total	**55,093**	**45,061**

	Consolidado	
Details	**2012**	**2011**
Trading, other fees receivable	14,432	11,850
Annuity	5,323	4,732
Vendors – Signal broadcast	11,282	9,385
Trustee and custodial fees	21,588	16,010
Other accounts receivable	10,910	10,852
Provision for doubtful accounts	(6,686)	(6,315)
Total	**56,849**	**46,514**

The amounts presented above are primarily denominated in Brazilian reais, approximately 90% is of the receivables fall due within 90 days, At December 31, 2012, the amounts overdue for more than 90 days totaled R$ 6,742 (2011 - R$6,838).

The provisioning methodology, as approved by the management, is based on the analysis of the historical behavior of incurred losses. Therefore, on the overdue amount for defined ranges of days past due, according to the historical behavior, an estimated loss percentage has been assigned, which is intended to reflect incurred losses.

Changes in the provision for impairment are as follows:

	BM&FBOVESPA e Consolidado
At December 31, 2010	**5,892**
Aditions	2,807
Reversals	(1,721)
Write-off	(663)
At December 31, 2011	**6,315**
Aditions	2,162
Reversals	(1,006)
Write-off	(785)
At December 31, 2012	**6,686**

6. Other Receivables

Other receivables comprise the following:

	BM&FBOVESPA	
	2012	**2011**
Current		
Advances to employees (1)	1,986	1,572
Amounts receivable - related parties (note 16)	2,272	7,794
Warehouse	-	1,378
Outros	396	747
Total	**4,654**	**11,491**
Não-circulante		
Other	-	555
Total	**-**	**555**

	Consolidated	
	2012	**2011**
Current		
Advances to employees	2,026	1,672
Amounts receivable - related parties (note 16)	975	7,169
Warehouse	-	1,378
Foreign Exchange transactions (Banco BM&FBOVESPA)	737	682
Other	403	866
Total	**4,141**	**11,767**
Non-current		
Brokers in liquidation (1)	2,200	2,200
Other	-	555
Total	**2,200**	**2,755**

Balance of accounts receivable from brokers in judicial liquidation, which considers the guarantee represented by the equity certificates pledged by the debtor.

7. Investments

a. Investments in subsidiaries and associates

Investments in subsidiaries and associates comprise the following:

Investees	Adjusted equity	Total shares	Adjusted net income	% Ownership	Investment 2012	Investment 2011	Equity 2012	Equity 2011
Subsidiaries								
Banco BM&FBOVESPA de Liquidação e Custódia S.A.	55,143	24,000	5,494	100	55,143	49,628	5,494	4,693
Bolsa Brasileira de Mercadorias	15,721	403	(1,247)	51,39	8,079	8,720	(641)	709
Bolsa de Valores do Rio de Janeiro - BVRJ	63,771	115	3,899	86,95	55,449	52,059	3,390	1,071
BM&F USA Inc.	937	1,000	200	100	937	646	200	(527)
BM&FBOVESPA UK Ltd.	1,079	1,000	(61)	100	1,079	1,016	(61)	303
					120,687	**112,069**	**8,382**	**6,249**
Affiliate								
CME Group, Inc. (1)	43,781,783	331,835	3,234,952	5,1	2,893,632	2,673,386	89,074	156,474
Income tax recoverable (2)					-	-	60,196	62,987
					2,893,632	**2,673,386**	**149,270**	**219,461**
Total					**3,014,319**	**2,785,455**	**157,652**	**225,710**

Summary of key financial information of subsidiaries and associates:

Details	Banco BM&FBOVESPA	Bolsa Brasileira de Mercadorias	Bolsa de Valores do Rio de Janeiro - BVRJ	BM&F USA Inc.	BM&FBOVESPA UK Ltd.	CME Group, Inc.
Assets	304,908	18,533	69,328	972	1,446	79,414,906
Liabilities	249,765	2,811	5,557	35	366	35,470,051
Revenue	10,645	2,523	4,004	1,850	1,285	5,955,985

Changes in Investments:

	Subsidiaries					Affiliate	
Investments	**Banco BM&FBOVESPA**	**Bolsa Brasileira de Mercadorias**	**Bolsa de Valores do Rio de Janeiro - BVRJ**	**BM&F USA Inc.**	**BM&FBOVESPA UK Ltd.**	**CME Group, Inc.**	**Total**
At December 31, 2010	**44.935**	**8.011**	**51.427**	**348**	**-**	**2.248.325**	**2.353.046**
Equity	4,693	709	1,071	(527)	303	156,474	162,723
Exchange rate (3)	-	-	-	74	31	297,173	297,278
Reflex effect on affiliate	-	-	-	-	-	4,321	4,321

	Subsidiaries					Affiliate	
Investiments	**Banco BM&FBOVESPA**	**Bolsa Brasileira de Mercadorias**	**Bolsa de Valores do Rio de Janeiro - BVRJ**	**BM&F USA Inc.**	**BM&FBOVESPA UK Ltd.**	**CME Group, Inc.**	**Total**
Realization of the Revaluation Reserve	-	-	(439)	-	-	-	(439)
Capital Increase	-	-	-	751	682	-	1,433
Dividends Received	-	-	-	-	-	(32,907)	(32,907)
At December 31, 2011	**49,628**	**8,720**	**52,059**	**646**	**1,016**	**2,673,386**	**2,785,455**
Equity	5,494	(641)	3,390	200	(61)	89,074	97,456
Exchange rate (3)	-	-	-	91	124	240,462	240,677
Reflex effect on affiliate	21	-	-	-	-	15,180	15,201
Dividends Received	-	-	-	-	-	(124,470)	(124,470)
At December 31, 2012	**55,143**	**8,079**	**55,449**	**937**	**1,079**	**2,893,632**	**3,014,319**

(1) In July 2010, with the acquisition of a 3,2% interest in CME Group for the amount of R$1,075,119, increasing the ownership interest from 1,8% to 5%, BM&FBOVESPA began to recognize the investment on the equity method in accordance with CPC 18/IAS 28, because management understands that the qualitative aspects of the relationship between the two companies indicate the existence of significant influence of BM&FBOVESPA over CME Group.

The fair value of the investment at December 31, 2012, based on the market price of shares, is R$1,757,944. Considering that the market value of CME is lower than the carrying value, the management of BM&FBOVESPA performed an impairment test for November 30, 2012. The result of the test did not reveal the need for recognition of impairment on the investment in CME Group.

For the impairment test, the management of BM&FBOVESPA used the discounted cash flow method. Based on expectations for growth in markets where CME operates, the projected cash flow considered revenues and expenses related to its activities in nominal US Dollars.

The operational flows were projected for period of December 2012 to December 2017. The cash flows were projected into perpetuity using the growth rate expected for nominal GDP in U.S. long-term, of 4.91% a year. The pre-tax discount rate used to calculate the present value of projected flows was 11.85% per year.

The two main variables that affect the value in use calculated for the investment are the discount rates and growth in perpetuity. Sensitivity analyzes show that an increase of 0.90 percentage points (90bps) in the discount rate before tax (from 11.85% to 12.75% per year) would reduce the value in use by 12%, while a reduction of 0.25 percentage points (25bps) in the perpetuity growth rate (from 4.91% to 4.66% per year) would reduce the value in use by 5%. The variations of the parameters affecting the value in use for the purposes of this sensitivity analysis were determined based on a standard deviation of discount rates in the last four years (which better reflect the current capital structure of CME Group), for the first, and of a standard deviation of the average of 30 years of changes in real U.S. GDP, for the second. The value in use has a lower sensitivity to variations in projected net revenue. Considering a reduction in average annual revenue growth by 10% in the period from 2013 to 2017, the value in use would be reduced by 4 %. None of these three scenarios, analyzed separately, resulted in values below the carrying value of the investment at December 31, 2012.

(2) Refers to recoverable tax paid by the foreign affiliate, according to Law 9,249/95 and Normative Instruction 213/02 of the Federal Revenue Secretariat of Brazil.

(3) In July 2010, BM&FBOVESPA issued debt abroad to protect part of the translation risk on the investment in CME (hedge of net investment) through the designation of a non-derivative financial instrument (debt issuance abroad) as a hedge, as presented in Note 12, We present below the sensitivity analysis to exchange rate variations for the non-hedged portion of the investment in CME Group:

	Impact on other comprehensive income				
	Falling dollar			Higher dollar	
	-50%	**-25%**	**31/12/2012**	**25%**	**50%**
Exchange rate	1,0218	1,5326	2,0435	2,5544	3,0653
Exchange variation on foreign investment in foreign associate	(895,815)	(185,675)	240,676	1,234,604	1,944,743
Exchange variation on hedge of foreign net investment	394,403	81,748	(102,632)	(543,563)	(856,219)
Tax effect of exchange variation on hedge of foreign net investment	(134,097)	(27,794)	34,895	184,811	291,114
Efeito líquido	**(635,509)**	**(131,721)**	**172,939**	**875,852**	**1,379,639**

b. *Investment property*

This category comprises properties owned by the subsidiary BVRJ - Bolsa de Valores do Rio de Janeiro rented, which are depreciated according to the estimated useful life of the asset of 25 years.

	Consolidated
At December 31, 2010	**38,212**
Depreciation	(1,512)
At December 31, 2011	**36,700**
Depreciation	(1,512)
At December 31, 2012	**35,188**

8. Property and Equipment

BM&FBOVESPA

	Buildings	Furniture and fixtures	Computer-related equipment	Facilities	Other	Construction in progress	Total
At December 31, 2010	**120,037**	**14,619**	**143,908**	**41,148**	**29,951**	**12,737**	**362,400**
Aditions	115	2,371	18,103	5,402	5,469	13,985	45,445
Disposal	(597)	(67)	(282)	4	(815)	-	(1,757)
Transfer to investment property	(553)	-	-	-	-	-	(553)
Transfer (Note 9)	183	1,224	6,373	5,191	759	(4,918)	8,812
Depreciation	(2,210)	(2,137)	(50,514)	(4,709)	(2,187)	-	(61,757)
At December 31, 2011	**116,975**	**16,010**	**117,588**	**47,036**	**33,177**	**21,804**	**352,590**
Aditions	-	1,142	26,786	1,233	1,533	36,683	67,377
Disposal	(21)	(39)	(348)	-	(1,436)	-	(1,844)
Transfer (Note 9)	-	-	(848)	18	-	758	(72)
Reclassification/Adjustments	4,001	3,474	3,686	12,359	1,060	(24,438)	142
Depreciation	(3,011)	(2,837)	(46,361)	(6,010)	(3,395)	-	(61,614)
At December 31, 2012	**117,944**	**17,750**	**100,503**	**54,636**	**30,939**	**34,807**	**356,579**
At December 31, 2012							
Cost	221,333	48,569	333,073	78,333	77,060	34,807	793,175
Accumulated Depreciation	(103,389)	(30,819)	(232,570)	(23,697)	(46,121)	-	(436,596)
Net amount	**117,944**	**17,750**	**100,503**	**54,636**	**30,939**	**34,807**	**356,579**
At December 31, 2011							
Cost	217,367	43,714	334,027	64,676	77,170	21,804	758,758
Accumulated Depreciation	(100,392)	(27,704)	(216,439)	(17,640)	(43,993)	-	(406,168)
Net amount	**116,975**	**16,010**	**117,588**	**47,036**	**33,177**	**21,804**	**352,590**

Consolidated

	Buildings	Furniture and fixtures	Computer-related equipment	Facilities	Other	Construction in progress	Total
At December 31, 2010	**121,649**	**14,760**	**144,027**	**41,640**	**32,321**	**12,737**	**367,134**
Aditions	115	2,388	18,137	5,412	5,560	13,985	45,597
Disposal	(598)	(92)	(312)	4	(817)	-	(1,815)
Transfer to investment property	(553)	-	-	-	-	-	(553)
Transfer (Note 9)	182	1,224	6,373	5,192	759	(4,918)	8,812

							Consolidated
	Buildings	**Furniture and fixtures**	**Computer-related equipment**	**Facilities**	**Other**	**Construction in progress**	**Total**
Depreciation	(2,296)	(2,179)	(50,553)	(4,785)	(2,198)	-	(62,011)
At December 31, 2011	**118,499**	**16,101**	**117,672**	**47,463**	**35,625**	**21,804**	**357,164**
Aditions	-	1,159	26,878	1,233	1,604	36,683	67,557
Disposal	(22)	(56)	(368)	-	(1,455)	-	(1,901)
Transfer (Note 9)	-	-	(848)	18	-	758	(72)
Reclassification/Adjustments	4,001	3,474	3,686	12,359	1,060	(24,438)	142
Depreciação	(3,098)	(2,894)	(46,422)	(6,075)	(3,408)	-	(61,897)
Saldos em 31 de dezembro de 2012	**119,380**	**17,784**	**100,598**	**54,998**	**33,426**	**34,807**	**360,993**
Em 31 de dezembro de 2012							
Custo	223,669	49,052	334,064	79,373	79,638	34,807	800,603
Depreciação acumulada	(104,289)	(31,268)	(233,466)	(24,375)	(46,212)	-	(439,610)
Saldo contábil líquido	**119,380**	**17,784**	**100,598**	**54,998**	**33,426**	**34,807**	**360,993**
Em 31 de dezembro de 2011							
Custo	219,703	44,236	334,930	65,717	79,695	21,804	766,085
Depreciação acumulada	(101,204)	(28,135)	(217,258)	(18,254)	(44,070)	-	(408,921)
Saldo contábil líquido	**118,499**	**16,101**	**117,672**	**47,463**	**35,625**	**21,804**	**357,164**

During the period, BM&FBOVESPA incorporated, as part of the cost of development projects, the amount of R$8,757 (2011 – R$ 10,475) related to the depreciation of equipment used in developing these projects.

Properties with a carrying value of approximately R$38,973 were pledged as collateral in lawsuits, BM&FBOVESPA is not allowed to assign these assets as collateral for other lawsuits or sell them.

The depreciation of fixed assets considers the expected useful lives of those, Annual rates of depreciation of fixed assets at December 31, 2012 and December 31, 2011:

Buildings	2,5%
Furniture and fixtures	10%
Computer devices and equipment	10 a 25%
Facilities	10%
Telephone system	20%
Other	11% a 33%

9. Intangible Assets

Goodwill

The goodwill of R$16,064,309 is attributed to expected future profitability, supported by an economic and financial appraisal of the investment, According to the guidelines of CPC 01/IAS 36, the goodwill must be tested annually for impairment, or more frequently when there are indicators that impairment may have occurred, Goodwill is stated at cost less accumulated impairment losses, Impairment losses recognized on goodwill are not reversed.

BM&FBOVESPA uses external and independent experts to assist in measuring the recoverable amount of the asset (ie, its value in use). The report submitted by the experts did not reveal the need for adjustments to the value of goodwill at December 31, 2012.

Based on expectations of growth of the Bovespa segment, the projected cash flow considers revenues and expenses related to activities of the segment (CGU – Bovespa). The period of projection of these flows extends from December 2012 to December 2022. The perpetuity is obtained by extrapolating the 2022 cash flow by an equivalent expected long-term growth rate for nominal GDP of 8.37% per year.

The management uses a projection period of ten years based on the perception that the Brazilian capital market, in the equity segment, should experience sustained growth until reaching maturity in the long-term.

To determine the present value of the projected flow, the experts used an average pre-tax discount rate of 16.60% per year from December 2012 until December 2016. Afterwards, the discount rate stabilizes at 15,75% a year, capturing the inflationary expectations of the period.

The two main variables that affect the value in use calculated are the estimated discount rates and growth in perpetuity. The management of BM&FBOVESPA conducted sensitivity analysis to determine the impacts of changes in these variables on the calculated value in use. The discount rate equivalent before taxes for the entire period is 15.92% per year, and an increase of 1.10 percentage points (110bps) in this rate (from 15.92% to 17.02% per year) would reduce the value in use by 13%. Regarding the growth rate in perpetuity, a reduction of 0.50 percentage point (50bps) in the rate (from 8.37% to 7.87% per annum) would reduce the value in use by 5%. The variations of the parameters affecting the value in use for the purposes of this sensitivity analysis were determined based on a standard deviation of discount rates in the last five years, for the first, and of a standard deviation of the average of 10 years of changes in real Brazilian GDP, for the second. The value in use has a lower sensitivity to changes in net revenue. Considering a reduction in average annual revenue growth by 16% in the period between December 2013 and December 2022, the value in use would be reduced by 15%. None of these three scenarios, analyzed separately, resulted in values below the carrying value of the investment at December 31, 2012.

Software and projects

				BM&FBOVESPA	Consolidado
	Custo de softwares gerados internamente em desenvolvimento	Softwares gerados internamente - Projetos concluídos	Softwares	Total	Total
At December 31, 2010	**63,931**	**9,582**	**78,065**	**151,578**	**151,594**
Aditions	126,894	43	66,791	193,728	193,728
Write-off	(7,997)	(107)	(2,069)	(10,173)	(10,172)
Transfer (Note 8)	(55,496)	46,992	(308)	(8,812)	(8,812)
Amortization	-	(3,360)	(33,146)	(36,506)	(36,520)
At December 31, 2011	**127,332**	**53,150**	**109,333**	**289,815**	**289,818**
Aditions	186,884	-	41,181	228,065	228,065
Write-off	-	(3,620)	-	(3,620)	(3,620)
Transfer (Note 8)	(803)	-	875	72	72
Reclassification/Adjustments	(55,331)	53,114	2,306	89	89
Amortization	-	(12,148)	(54,431)	(66,579)	(66,582)
At December 31, 2012	**258,082**	**90,496**	**99,264**	**447,842**	**447,842**
At December 31, 2012					
Cost	258,082	103,118	292,680	653,880	653,880
Accumulated Amortization	-	(12,622)	(193,416)	(206,038)	(206,038)
Net Amount	**258,082**	**90,496**	**99,264**	**447,842**	**447,842**
At December 31, 2011					
Cost	127,332	57,082	242,796	427,210	428,424
Accumulated Amortization	-	(3,932)	(133,463)	(137,395)	(138,606)
Net Amount	**127,332**	**53,150**	**109,333**	**289,815**	**289,818**

The balance comprises costs for the acquisition of licenses and development of software and systems, with amortization rates of 10% to 33% per year, and expenditures for the implementation and development in progress of new systems and software.

BM&FBOVESPA incorporated, as part of the cost of development projects, the amount of R$ 27,492 (2011 – R$ 14,360) related to the depreciation of equipment used in developing these projects.

The ongoing projects refer, mainly, to the development of a new electronic negotiation platform for different kinds and classes of assets and the construction of a new business and IT architecture to support the post-trade infrastructure.

10. Earnings and Rights on Securities in Custody

These comprise dividends and interest on capital received from listed companies, which will be transferred to the custody agents and subsequently to their clients, who are the owners of the shares.

11. Provision for Taxes and Contributions Payable

	BM&FBOVESPA	
Details	**2012**	**2011**
Taxes and contributions withheld at source	8,935	14,175
PIS/Cofins	16,426	14,973
ISS (Municipal service tax)	2,141	1,860
Total	**27,502**	**31,008**

	Consolidated	
Details	**2012**	**2011**
Taxes and contributions withheld at source	9,607	14,816
PIS/Cofins	16,548	15,100
ISS (Municipal service tax)	2,203	1,898
Total	**28,358**	**31,814**

12. Issuance of debt abroad and loans

On 2010 BM&FBOVESPA concluded the issuance of senior unsecured notes, with face value of US$612 million, priced at 99,635% of nominal value, resulting in a net inflow of US$609 million (equivalent at the time to R$1,075,323), The interest rate is 5,50% per year, payable half-yearly in January and July, and the principal amount is due on July 16, 2020, The effective rate was 5,64% per year, which includes the discount and other costs related to issuance.

The updated balance of the borrowing on December 31, 2012 is R$1,279,121 (R$1,172,225 at December 31, 2011), which includes the amount of R$36,882 (R$33,566 at December 31,2011) of accrued interest, The proceeds from the offering were used to purchase shares of the CME Group at that same date.

The notes have an early partial or total redemption clause, at the option of BM&FBOVESPA, for the greater of: (i) principal plus interest accrued to date and (ii) interest accrued to date plus the present value of the remaining cash flows, discounted at the rate applicable to U,S, Treasuries for the remaining term plus 0,40% per annum, (40 basis points).

These notes have been designated as a hedging instrument for the part equivalent of US$612 million (notional) of the investment in CME Group Inc, (Note 7), in order to hedge the foreign exchange risk, Thus, the BM&FBOVESPA has adopted hedge accounting for net investment in accordance with the provisions of CPC 38/IAS 39.
Accordingly, BM&FBOVESPA prepared the formal designation of the hedges by documenting: (i) the objective of the hedge, (ii) type of hedge, (iii) the nature of the risk being hedged, (iv) the hedged item, (v) the hedging instrument, (vi) the correlation of the hedge and the hedged item (retrospective effectiveness test) and (vii) the prospective test.

The application of the effectiveness tests described in Note 3 (d) (iv) did not reveal ineffectiveness during the period ended at December 31, 2012.

The fair value of the debt, calculated using market data, is R$1,418,205 at December 31, 2012 (R$ 1,190,534 at December 31, 2011) (Source: Bloomberg).

13. Other liabilities

	BM&FBOVESPA	
Details	**2012**	**2011**
Custody agents	5,348	4,848
Amounts payable - related parties (Note 16)	15,051	358
Third parties services	2,119	7,931
Payable preferred shares	1,838	1,839
Amounts to be transferred - Direct treasury	1,974	-
Other	4,589	5,953
Total	**30,919**	**20,929**

Details	**2012**	**2011**
Custody agents	5,348	4,848
Amounts payable – related parties (Note 16)	15,000	140
Demand deposits (1)	62,941	59,165
Liabilities for securities purchased under resell agreements (2)	175,125	118,350
Third parties services	2,354	8,138
Payable preferred shares	1,838	1,839
Amounts to be transferred - Direct treasury	1,974	-
Foreign exchange transactions (Banco BM&F)	6,365	-
Other	6,751	6,959
Total	**277,696**	**199,439**

(1) Refer to deposits held by corporations at Banco BM&FBOVESPA with the sole purpose for settlement of clearing operations held within the BM&FBOVESPA and Selic - Special System for Settlement and Custody pursuant to Central Bank Circular Letter No, 3196 of July 21, 2005.

(2) Refers to repurchase agreements of Banco BM&FBOVESPA, maturing at January 02, 2013 (2011 – January 02, 2012) and backed by Financial Treasury Bills (LFT) and National Treasury Bills (LTN).

14. Provisions and contingent liabilities and assets

a. *Contingent assets*

BM&FBOVESPA has no contingent assets recognized in its balance sheet, and at present no lawsuits which are expected to give rise to future gains.

b. *Contingent liabilities*

BM&FBOVESPA and its subsidiaries are defendants in a number of labor, tax and civil lawsuits in the course of their normal operating activities.

The lawsuits are classified by their probability of loss (probable, possible or remote), based on an evaluation by BM&FBOVESPA and its legal advisors, using parameters such as previous judgments and the history of loss in similar litigation.

The lawsuits in which the loss is evaluated as probable mainly comprise the following:

- Labor claims mostly related to filed by ex-employees of BM&FBOVESPA and employees of outsourced service providers, on account of alleged noncompliance with labor legislation;
- Civil proceedings, mainly relate to aspects of civil liability for losses and damages of BM&FBOVESPA and its Subsidiaries;
- Tax cases are mainly relate to the incidence of PIS and Cofins on (i) BM&FBOVESPA revenues and (ii) receipt of interest on equity own Capital.

c. *Legal obligations*

These are almost entirely proceedings in which BM&FBOVESPA seeks exemption from social security additional contributions on payroll and payments to self-employed professionals.

d. *Changes in balances*

The activity in provisions for contingencies and legal obligations may be summarized as follows:

BM&FBOVESPA

	Civil	Labor	Legal obligations	Tax	Total
At December 31, 2010	**4,202**	**5,795**	**33,023**	**12,780**	**55,800**
New provisions	31	1,224	5,522	-	6,777
Reversals	(61)	(91)	(11,276)	-	(11,428)
Reassessment of contingent risks	(100)	(497)	-	-	(597)
Price-level restatement	420	690	1,310	1,358	3,778
At December 31, 2011	**4,492**	**7,121**	**28,579**	**14,138**	**54,330**
New provisions	247	5,879	4,552	-	10,678
Provision expenditure (1)	(22)	(83)	(7,609)	-	(7,714)
Reversals	(4)	(940)	-	-	(944)
Reassessment of contingent risks	-	(1,551)	-	-	(1,551)
Price-level restatement	248	884	1,599	702	3,433
At December 31, 2012	**4,961**	**11,310**	**27,121**	**14,840**	**58,232**

Consolidated

	Civil	Labor	Legal obligations	Tax	Total
At December 31, 2010	**4,245**	**6,196**	**33,023**	**13,126**	**56,590**
New provisions	3,624	1,717	5,522	-	10,863
Reversals	(107)	(568)	(11,276)	-	(11,951)
Reassessment of contingent risks	(100)	(193)	-	-	(293)
Price-level restatement	586	763	1,310	1,376	4,035
At December 31, 2011	**8,248**	**7,915**	**28,579**	**14,502**	**59,244**
New provisions	247	6,327	4,552	-	11,126
Provision expenditure (1)	(22)	(104)	(7,609)	(367)	(8,102)
Reversals	(4)	(1,344)	-	-	(1,348)
Reassessment of contingent risks	-	(1,688)	-	-	(1,688)
Price-level restatement	727	944	1,599	705	3,975
At December 31, 2012	**9,196**	**12,050**	**27,121**	**14,840**	**63,207**

(1) The provision expenditure of the legal obligations refers to the unfavorable decision to BM&FBOVESPA in the lawsuit which discussed the legality of the charge for workplace accident insurance (SAT) (Note 14 (g)).

Considering the provision´s characteristics, the timing of the cash disbursements, if any, cannot be predicted.

e. Possible losses

The proceedings classified as a "possible loss" are so classified as a result of uncertainties surrounding their outcome, They are lawsuits for which jurisprudence has not yet been defined or which still depend on verification and analysis of the facts, or even involve specific aspects that reduce the chances of loss.

BM&FBOVESPA and its subsidiaries have tax, civil and labor lawsuits involving risks of loss classified by management as possible, based on the evaluation of their legal advisors, for which no provision has been recorded. These proceedings comprise mainly the following:

- Labor proceedings, mostly related to claims filed by ex-employees of BM&FBOVESPA and employees of outsourced service providers, on account of alleged noncompliance with labor legislation. The lawsuits classified as possible losses December 31, 2012 total R$41,881 in BM&FBOVESPA (R$58,841 at December 31, 2011) and R$ 41,917 on a consolidated basis (R$60,849 at December 31, 2011);

- Civil proceedings mainly relate to aspects of civil liability for losses and damages. The total amount involved in the lawsuits classified as possible losses at December 31, 2012 total R$95,812 in BM&FBOVESPA and on a consolidated basis (R$70,102 at December 31, 2011);

This amount is at December 31 2012 and December 31, 2011 almost entirely related to the possibility of being required to deliver shares of BM&FBOVESPA (surviving Company of the merger with BM&F S,A,), corresponding to the shares resulting from the conversion of the membership certificate of a commodities broker in the former BM&F, or indemnify the corresponding amount, if the cancellation of the certificates in the former BM&F is found to be illegal, as alleged by a commodities broker in bankruptcy.

The main tax cases of BM&FBOVESPA and its subsidiaries refer to the following questions:

(i) Classification of the formers BM&F and BOVESPA, in the period prior to the demutualization as taxable individuals of the Contribution to Social Security Financing ("COFINS"), which is the subject of two declaratory actions of absence or relationship of the legal and tax in the face of the Federal Government, in which the old companies plead the non-incidence of such social contribution on revenue arising from the exercise of the activities for which they were established, these revenues do not fall within the concept of invoicing. The amount involved in the aforementioned proceedings as of December 31, 2012 is R$50,836 (R$48,332 at December 31, 2011).

(ii) charge of Income Tax Withholding ("IRRF") related to the calendar year 2008, since the RFB understands that BM&FBOVESPA would be responsible for withholding and payment of income tax levied on the supposed capital gains earned by non-resident investors in Bovespa Holding SA, due to the merger of shares of this Company into BM&FBOVESPA. The amount involved in that process, on December 31, 2012 is R$ 153,935

(iii) Challenging, as the successor of Bovespa Holding S.A., the deductibility, for purposes of calculating the income tax and social contribution taxes of expenses paid by the Company for the commission of intermediary institutions of responsible for the distribution of the secondary public offering of its shares, held in 2007, and claiming the liability for the payment of IRRF on the payments made to the intermediaries who participated in the tender offer. The amount involved in that administrative process, on December 31, 2012 is R$ 117,797, classified as follows: (i) R$ 109,676 as a chance of possible loss, and (ii) R$ 8,121, relating to the isolated fine for not withholding IRRF, as chance of remote loss.

(iv) Supposed incidence of social security contributions on options granted under the Plan of Stock Options of BM&F S.A., assumed by the Company and exercisable by the beneficiaries of the Plan, in the years of 2007 and 2008, as well as an isolated fine due for not collecting IRRF allegedly due on those options. The questioning of the RFB is based on the understanding that options to purchase shares granted to employees have a salary nature, as a payment for services rendered. The amount involved in these administrative proceedings, on December 31, 2012, is (i) R$ 81,118, related to social security contributions allegedly due, classified as a possible loss, and (ii) R$ 43,202, related to isolated fine for not withholding income tax, classified as a remote loss.

(v) supposed differences in payment of IRPJ and CSLL stemming from questioning the limits of deductibility of interest on capital credited by BM&FBOVESPA in favor of its shareholders in 2008. The total amount involved in the administrative process is R$ 110,675, including interest and fine.

The total amount involved in tax cases classified as possible is R$ 537,333 in the Company and Consolidated (R$76,697 on December 31, 2011).

f. Remote losses

BM&FBOVESPA, as successor of the former BOVESPA, and the subsidiary BVRJ are defendants in an action for tangible damages and pain and suffering filed by Mr, Naji Robert Nahas, Selecta Participações e Serviços SC Ltda, and Cobrasol - Companhia Brasileira de Óleos e Derivados, on the grounds of alleged losses in the stock market sustained in June 1989, The amount attributed to the cause by the plaintiffs is R$10 billion, In relation to the tangible damages and pain and suffering claimed, the plaintiffs ask that BVRJ and BM&FBOVESPA be sentenced in proportion to their responsibilities, On December 18, 2009, a sentence was published in which the claims made by the plaintiffs were considered completely unfounded, BM&FBOVESPA and its legal advisors consider that the chances of loss in this lawsuit are remote.

BM&FBOVESPA received, on November 29, 2010, an assessment notice from the Federal Revenue Service of Brazil («RFB»), demanding the payment of income tax (R$301,686 of principal, plus fines and interest) and social contribution (R$108,525 of principal, plus fines and interest) representing the amount of those taxes that, in the view of the RFB, BM&FBOVESPA underpaid in the years 2008 and 2009 with respect to the amortization for tax purposes of the goodwill generated upon the merger of Bovespa Holding SA, approved at the General Assembly of Stockholders on May 8, 2008, During October 2011, the RFB Judgement Office in São Paulo issued a decision on the challenge presented by BM&FBOVESPA, maintaining, in substance, the assessment notice, BM&FBOVESPA appealed to the Board of Tax Appeals on November 21, 2011, which will render a final administrative decision on the legality of amortization of goodwill for tax purposes, Based on the advice of its lawyers, BM&FBOVESPA considers that the risk of loss associated with this tax matter is remote and will continue to amortize the goodwill for tax purposes, as provided for by law.

BM&FBOVESPA, as the successor of the Bolsa de Mercadorias e Futuros- BM&F («BM&F») and as disclosed in its Form of Reference (item 4,3), is defendant in civil public actions and class actions proposed in order to investigate the practice of possible acts of administrative impropriety, and to receive compensation for alleged damages to the federal treasury as a result of transactions conducted by the Central Bank of Brazil in January 1999 in the U,S, Dollar futures market run by the former BM&F, On March 15, 2012, the sentences on those demands at first instance convicted most of the defendants in those cases, among them, BM&F, The total amounts of the penalties reach R$ 7,005 million, from which, according to one of the decisions, may be deducted the gains that the Central Bank of Brazil obtained by reason of the non-use of international reserves, amounting to R$ 5,431 million, BM&FBOVESPA was also ordered to pay a civil penalty in the amount of R$ 1,418 million, The figures were measured as of January 1999 and should be adjusted for inflation, plus interest, and plaintiffs, legal fees, Based on the opinion of its internal and external lawyers, BM&FBOVESPA believes in the total dismissal of these actions and has not provided in its financial statements for any amount related to such lawsuits, in view of the remote risk of loss, and will appeal these decisions.

g. Judicial deposits

	BM&FBOVESPA		Consolidated	
Details	**2012**	**2011**	**2012**	**2011**
Legal obligations	27,234	28,838	27,234	29,202
Tax	62,129	58,819	62,213	58,819
Civil	4,700	4,459	4,700	4,459
Labor	3,447	2,062	3,675	2,568
Total	**97,510**	**94,178**	**97,822**	**95,048**

Of the total judicial deposits, (i) R$44,975 (2011 - R$41,704) relates to the processes involving the dispute over the classification of exchanges as subject to the payment of social contributions, assessed as possible by management, as described in "e" above and (ii) R$ 10,845 (2011 - R$10,201) refers to cases regarding PIS and Cofins on interest on own capital received. Of the total deposits relating to legal obligations R$26,799 (R$29,201 at December 31, 2011) relates to processes in which BM&FBOVESPA claims the non-incidence of additional social security on payroll contributions and payments to self-employed professionals, The reduction of the deposit amount related to legal obligations was caused by the value of the Occupational Accident Insurance charge been paid to the Union due the negative ending of the cause to BM&FBOVESPA.

Due to the existence of judicial deposits related to tax processes classified as possible losses, the total tax contingencies and legal obligations are less than the total deposits related to tax claims.

h. Law 11,941/09

In November 2009, BM&FBOVESPA enrolled in the Tax Recovery Program, instituted by Law 11,941/09 and Provisional Measure (MP) 470/09, with a view to settling the amount of R$2,365, related to a portion of the amount disputed in the COFINS case, deposited in court and constituted as probable loss contingency. The amount of R$2,151 will be released to the government and R$214 to BM&FBOVESPA, representing a discount of 45% in arrears interest, as permitted by the legislation. The provision remains in effect until the approval of the request to partially withdraw the lawsuit, because this is a condition for the settlement of the debt pursuant to the Tax Recovery Program.

15. Equity

a. Capital

The capital of BM&FBOVESPA at the amount of R$2,540,239, is now presented by 1,980,000,000 nominative common shares with voting rights and no par value, of which 1,931,572,495 outstanding at December 31, 2012 (1,927,991,988 at December 31, 2011). At 2011, the Board approved the cancellation of 64,014,295 shares of BM&FBOVESPA's held in treasury which were acquired under the share repurchase programs.

BM&FBOVESPA is authorized to increase its capital up to the limit of 2,500,000,000 (two billion, five hundred million) common shares, through a resolution of the Board, without any amendment of the bylaws.

b. Treasury shares

Share buyback program

At a meeting held on June 16, 2011, the Board of Directors approved a new Share Buyback Program, starting July 1, 2011 and matured at December 31, 2011. At December 13, 2011, the Board the extension of this program for additional 6 months, ending on June 30, 2012. BM&FBOVESPA repurchased 31,284,700 shares in the period, of which 29,552,500 shares in 2011 and 1,732,200 shares in the first half of 2012.

At the meeting held on June 26, 2012, the Board of Directors approved a new Share Buyback Program, beginning July 2, 2012 and ending on June 28, 2013. The limit of shares to be acquired by the Company is 60,000,000 common shares, representing 3.11% of total outstanding shares.

The shares acquired under the Share Buyback Program may be canceled or used to in connection with the exercise of the stock options by the beneficiaries of the Stock Option Plan of the BM&FBOVESPA.

We present below the activity of treasury shares during the period:

	Quantity	Amount
At December 31, 2010	**64,093,102**	**613,903**
Acquisition of shares - Share Buyback Program	57,602,500	606,889
Shares sold - stock options (Note 18)	(5,673,295)	(57,284)

	Quantity	Amount
Shares canceled (Note 15(a))	(64,014,295)	(641,955)
At December 31, 2011	**52,008,012**	**521,553**
Acquisition of shares - Share Buyback Program	1,732,200	16,303
Shares sold - stock options (Note 18)	(5,312,707)	(53,236)
At December 31, 2012	**48,427,505**	**484,620**
Average cost of treasury shares (R$)		10,007
Market value of treasury shares		677,985

c. Revaluation reserves

Revaluation reserves were established as a result of the revaluation of works of art in BM&FBOVESPA and of the properties of the subsidiary BVRJ on 2007, based on independent experts' appraisal reports.

d. Capital Reserve

Refers substantially to amounts created from the merger of Bovespa Holding shares in 2008, and other corporate events permitted by the Corporation Law, such as (i) capital increase through merger, (ii) redemption, repayment or purchase of shares, and (iii) events associated with the stock option plan.

e. Revenue reserves

i. Legal Reserve

The legal reserve is established annually by allocation of 5% of net income and cannot exceed 20% of the capital, The legal reserve is intended to ensure the integrity of the capital and can only be used to offset losses and increase capital.

ii. Statutory reserve

These reserves represent funds and safeguard mechanisms required for the activities of BM&FBOVESPA, in order to ensure the proper settlement and reimbursement of losses arising from the intermediation of transactions carried out in its trading sessions and/or registered in any of its trading, registration, clearing and settlement systems, and from custody services.

Pursuant to the bylaws, the Board of Directors may, when the amount of statutory reserves is sufficient to meet its objectives, propose that parts of the reserve be reversed for distribution to the shareholders of the Company.

f. Valuation adjustments

The purpose of the valuation adjustments is to record the effects of (i) currency translation adjustments of the investment abroad, (ii) hedge accounting for net foreign investment (note 12) and (iii) share of other comprehensive income of an associate.

g. Dividends and interest on own capital

Pursuant to the bylaws, the shareholders are entitled to interest on own capital or dividends, based on a minimum of 25% the net profit, adjusted in accordance with the corporate law.

	2012	2011
Net Income	1,074,290	1,047,999
Constitution of Legal Reserve (1)	-	-
Basis of calculation of dividends	**1,074,290**	**1,047,999**
Dividends	984,290	762,273
Interest on own capital	90,000	150,000
Total proposed/declared	**1,074,290**	**912,273**

(1) Legal reserve constitution not required on the basis of its value added to the value of other capital reserves exceeds 30% of the capital

Interest on own capital and dividends declared in respect to the results of the current period are detailed below:

Details	Deliberation	Payment	Per share (gross) (R$)	Total amount (gross)
Dividends	05/10/2012	31/07/2012	0,116161	224,341
Dividends	08/07/2012	10/31/2012	0,124359	240,065
Dividends	06/11/2012	17/12/2012	0,067921	131,181
Interest on own capital	11/06/2012	17/12/2012	0,046599	90,000
Dividends (1)	19/02/2013	-	-	388,703
Total approved in 2012				**1,074,290**
Interest on own capital	02/17/2012	03/10/2012	0,025461	50,000
Interest on own capital	05/12/2012	07/05/2012	0,051128	100,000
Dividends	05/12/2012	07/05/2012	0,034054	66,605
Dividends	08/09/2012	10/03/2012	0,121740	235,336

Dividends (2)	11/08/2012	01/31/2012	0,121139	233,605
Dividends (3)	02/14/2012	04/30/2012	0,117420	226,727
Total approved in 2011				**912,273**

(1) Proposal for supplementary dividend payment (over the minimum compulsory) relative to income for the fiscal year 2012, to be approved by the General Meeting of Shareholders.

(2) In November 2011, BM&FBOVESPA approved R$ 233,605 (R$ 0.121139 per share) as an additional dividend over the minimum compulsory dividend for the financial year 2011, which was paid on January 31, 2012.

(3) At the Ordinary General Meeting held on March 27, 2012, the shareholders approved the payment in the amount of $ 226,727 (R$ 0.117420 per share), as a supplement to dividends for the fiscal year ended 31 December 2011, which was paid on April 30, 2012.

The management of BM&FBOVESPA did not create a revenue reserve for the difference between the amount recognized as equity in the results of the associate CME Group and the dividends received from the investment (Note 7).

h. Earnings per share

Basic	**Consolidado**	
	2012	**2011**
Numerator		
Profit available to shareholders of BM&FBOVESPA	1.074.290	1.047.999
Denominator		
Weighted average number of shares outstanding	1.930.398.048	1.948.718.753
Basic earnings per share (in R$)	**0,556512**	**0,537789**

Dilluted	**Consolidado**	
	2012	**2011**
Denominator		
Weighted average number of shares outstanding adjusted by the stock option plan	1,074,290	1,047,999
Denominador		
Média ponderada de ações em circulação ajustada pelos efeitos dos planos de opções de ações	1,935,428,473	1,953,080,684
Diluted earnings per share (in R$)	**0,555066**	**0,536588**

16. Related Party Transactions

a. Transactions and balances with related parties

Details	**Assets/ (Liabilities)**		**Revenue/ (Expenses)**	
	2012	**2011**	**2012**	**2011**
Banco BM&FBOVESPA de Serviços de Liquidação e Custódia SA. (1)				
Accounts receivable	1,282	597		
Foreign exchange operations	1	20		
Recovery of expenses			6,450	6,617
Bolsa Brasileira de Mercadorias (1)				
Accounts receivable	21	8		
Accounts payable	(51)	(218)		
Minimum contribution on membership certificates			(1,198)	(1,271)
Property rental			22	21
Recovery of expenses			92	62
BM&FBOVESPA USA Inc, (1)				
Accounts Payable	-	-	1,839	1,207
BM&FBOVESPA UK Inc, (1)				
Accounts Payable	-	-	1,208	1,924
CME Group	-	(59)		
Accounts payable				
BM&FBOVESPA Supervisão de Mercados				
Accounts receivable	826	636		
Accounts Payable (2)	(15,000)	-		
Recovery of expenses			2,801	2,441
Contribuition (2)			(15.000)	-
Mecanismo de Ressarcimento de Prejuízos				
Ammounts to be transferred	-	(81)		
Contribuition			-	(92,342)
Associação BM&F				
Accounts receivable	115	6,517		
Contribution			(2,173)	
Other subsidiaries				
Accounts receivable	27	16		

(1) Companies included in the consolidation process.

(2) Refers to the contribution to the BSM in order to complement the financing of their activities.

The main recurring transactions with related parties are described below and were carried out under the following conditions:

BM&FBOVESPA pays a minimum fee to Bolsa Brasileira de Mercadorias as a member of these associations.

Bolsa Brasileira de Mercadorias and Associação BM&F reimbursed monthly BM&FBOVESPA by its expenses over employment of resources and use the infrastructure provided by the BM&FBOVESPA, to aid in carrying out its activities.

Banco BM&FBOVESPA entered into an agreement with BM&FBOVESPA which provides for the utilization of its technology infrastructure and also its personnel, with transfer of the corresponding costs.

BSM has entered into an agreement with BM&FBOVESPA for the transfer and recovery of costs which establishes the reimbursement to BM&FBOVESPA of the net amount paid monthly for expenses incurred in contracting resources and for the infrastructure made available to BSM to assist in the performance of its supervisory activities.

b. Remuneration of key management personnel

Key management personnel include Members of the Board, Executive Officers, the Director of Internal Audit, the Director of Banco BM&F and the Director of Human Resources.

	2012	2011
Management benefits		
Short-term benefits (salaries, participation in results, etc,)	24,427	25,666
Employment contract rescission benefits	-	11
Share based remuneration (1)	9,529	12,867

(1) Represents the expense calculated for the year in relation to the stock options granted to key management personnel, which was recognized in accordance with the criteria described in Note 18.

17. Structure of Guarantees

BM&FBOVESPA acting as central counterparty (CCP) manages four clearinghouses considered systemically important by the Central Bank of Brazil, i,e, the Derivatives, Foreign Exchange and Securities Clearinghouses and the Equity and Corporate Debt Clearinghouse (CBLC).

The activities carried out by the clearinghouses of BM&FBOVESPA are governed by Law 10,214, of 2001, which authorizes the multilateral clearing of obligations, establishes the central counterparty role of the systemically important clearinghouses and permits the utilization of the collateral obtained from defaulting participants to settle their obligations in the clearinghouse environment, including in cases of civil insolvency, agreements with creditors, intervention, bankruptcy and out-of-court liquidation.

Through its clearinghouses, BM&FBOVESPA acts as a central counterparty in the derivatives market (futures, forward, options and swaps), in the federal bond market (spot, forwards, repurchase operations, futures and lending of securities),equities (spot, forward, option, futures and lending of securities) and private debt securities (spot and lending of securities), In other words, by assuming the role of a central counterparty, BM&FBOVESPA becomes responsible for the proper settlement of trades carried out and/or registered in its systems, as established in the applicable regulations.

The performance of BM&FBOVESPA as a central counterparty exposes it to the credit risk of the participants that utilize its settlement systems, If a participant fails to make the payments due, or to deliver the assets, securities and/or commodities due, it will be incumbent upon BM&FBOVESPA to resort to its safeguard mechanisms, in order to ensure the proper settlement of the transactions in the established time frame and manner, In the event of a failure or insufficiency of the safeguard mechanisms of its Clearinghouses, BM&F BOVESPA might have to use its own equity, as a last resort, to ensure the proper settlement of trades.

The BM&FBOVESPA clearinghouses are not directly exposed to market risk, as they do not hold net long or net short positions in the various contracts traded, However, an increase in price volatility can affect the magnitude of amounts to be settled by the various market participants, and can also heighten the probability of default by these participants, Furthermore, as already emphasized, the clearinghouses are responsible for the settlement of the trades of a defaulting participant, which could result in losses for BM&FBOVESPA if the amounts due surpass the amount of collateral available, Accordingly, despite the fact that there is no direct exposure to market risk, this risk can impact and increase the credit risks assumed.

To mitigate the risks assumed, each BM&FBOVESPA Clearinghouse has its own risk management system and safeguard structure, The safeguard structure of a Clearinghouse represents the set of resources and mechanisms that it can utilize to cover losses relating to the settlement failure of one or more participants, These systems and structures are described in detail in the regulations and manuals of each clearinghouse, and have been tested and ratified by the Central Bank of Brazil, in accordance with National Monetary Council (CMN) Resolution 2,882/01 and BACEN Circular 3,057/01.

The structures of our safeguards clearinghouses are based largely on loss-sharing model called defaulter pays, in which the amount of collateral deposited by each participant should be able to absorb, with a high degree of confidence, the potential losses associated with its default, Consequently, the amount required as collateral for participants is the most important element in our management structure of the potential market risks arising from our role as a central counterparty.

For most contracts with assets and operations, the required value as collateral is sized to cover the market risk of the business, i,e,, its price volatility during the expected time frame for settlement of the positions of a defaulting participant, This time frame can vary depending on the nature of contracts and assets traded.

The models used for calculating the margin requirements are based, in general, the concept of stress testing, in other words, a methodology that attempts to measure market risk into account not only recent historical volatility of prices, but also possibility of the emergence of unexpected events that modify the historical patterns of behavior of prices and the market in general.

The main parameters used for margin calculation models are the stress scenarios, defined by the Market Risk Committee for the risk factors that affect the prices of assets and contracts negotiated on our systems, For the definition of stress scenarios, the Market Risk Committee uses a combination of quantitative and qualitative analysis, The quantitative analysis is done with the help of statistical models for estimating risk, such as EVT (extreme value theory).estimation of implied volatilities and conditional type Garch model, and historical simulations, The qualitative analysis, in turn, considers aspects related to economic conditions and political, national and international levels and their impact on the markets managed by BM&FBOVESPA.

The operations in the BM&FBOVESPA are secured by margins through deposits in cash, government and corporate securities, letters of credit and shares, among others, The guarantees received in cash, in the amount of R$1,134,235 (R$1,501,022 at December 31, 2011), are recorded as a liability (collateral for transactions) and the other non-cash collateral, is recorded in memorandum accounts (off balance sheet), in the amount of R$175,347,681 (R$177,055,433 at December 31, 2011). At December 31, 2012 the total collateral deposited, was R$176,481,916 (R$178,556,455 at December 31, 2011), as described below, by clearinghouse:

(a) Safeguard structure of the Derivatives Clearinghouse

i. Collateral deposited by derivatives market participants:

Composition	2012	2011
Federal government bonds	85,901,802	95,413,934
Letters of credit	2,696,602	3,090,051
Equities	3,532,128	3,242,459
Bank certificates of deposit (CDBs)	933,447	1,448,298
Cash amounts deposited	741,243	707,212
Gold	67,677	80,619
Other	179,521	212,935
Total	**94,052,420**	**104,195,508**

ii. Other Collateral

- Co-responsibility for paying the broker and clearing member who acted as intermediaries, as well as collateral deposited by such participants.

- Fundo de Desempenho Operacional, worth R$1,099,786(R$1,138,007 at December 31, 2011), formed by funds provided by holders of right of settlement in the Derivatives Clearinghouse (clearing members) and holders of unrestricted right to bargain with the sole purpose of ensuring the operations, The fund has the following position:

Composition	2012	2011
Federal government bonds	919,462	913,100
Letters of credit	150,800	204,152
Bank certificates of deposit (CDBs)	4,946	8,055
Cash amounts deposited	11,074	12,700
Equities	13,504	-
Amounts deposited	1,099,786	1,138,007
Amounts that ensure clearing member/trader participation	874,000	952,700
Excess collateral	225,786	185,307

- Fundo de Operações do Mercado Agropecuário, in the amount of R$50,000 at December 31, 2012 and December 31, 2011, intended to hold resources of BM&FBOVESPA allocated to guarantee the proper settlement of transactions involving agricultural commodity contracts;

- Fundo Especial dos Membros de Compensação, in the amount of R$40,000 at December 31, 2012 and December 31, 2011, formed by a capital transfer from BM&FBOVESPA, intended to hold BM&FBOVESPA resources allocated to guarantee the proper settlement of transactions, regardless of the type of contract;

- Fundo de Liquidação de Operações, in the amount of R$386,803 (R$380,993 at December 31, 2011), formed by collateral transferred by clearing members, intended to guarantee the proper settlement of transactions after the resources of the two previous funds have been used, The fund has the following position:

Composition	2012	2011
Federal government bonds	342,942	339,180
Letters of credit	36,684	38,763
Cash amounts deposited	4,000	-
Equities	3,177	3,050
Amounts deposited	386,803	380,993
Amounts that ensure clearing member/trader participation	270,500	293,000
Total (collateral excess)	116,303	87,993

- Special equity, in the amount of R$42,245 (R$38,906 at December 31, 2011), in compliance with the provisions of Article 5 of Law 10,214, of March 27, 2001 and of Article 19 of Circular 3,057 of the Brazilian Central Bank, of August 31, 2001.

(b) Safeguard structure of the Equity and Corporate Debt Clearinghouse - CBLC

i.The main components of the safeguard structure of the Equity and Corporate Debt Clearinghouse (CBLC) are described below:

Composition	2012	2011
Federal government bonds	32,749,964	34,422,215
Equities	40,975,737	31,417,638
International Bonds (1)	2,596,140	2,134,513
Bank certificates of deposit (CDBs)	522,080	621,817
Letters of credit	312,288	245,616
Cash amounts deposited	369,910	762,113
Other	193,705	166,210
Total	**77,719,824**	**69,770,122**

(1) American and German government bonds, ADRs (American Depositary Receipt).

ii. Other Collateral

- Joint responsibility for trade settlement by the brokerage house and clearing member that acted as intermediaries, as well as the collateral deposited by these participants;

- Fundo de Liquidação, in the amount of R$421,786 (R$384,326 at December 31, 2011), formed by collateral (government debt securities) transferred by clearing members, intended to guarantee the proper settlement of transactions;

Composition	2012	2011
Federal government bonds	416,212	384,326
Cash amounts deposited	5,574	-
Total	**421,786**	**384,326**

- Special equity, in the amount of R$45,138 (R$41,564 at December 31, 2011), in compliance with the provisions of Article 5 of Law 10,214, of March 27, 2001 and of Article 19 of Circular 3,057 of the Brazilian Central Bank, of August 31, 2001.

(c) Safeguard structure of the Foreign Exchange Clearinghouse

i) The main components of the safeguard structure of the Foreign Exchange Clearinghouse are described below:

Composition	2012	2011
Federal government bonds	3,662,691	3,416,862
Cash amounts deposited	4	31,697
Total	**3,662,695**	**3,448,559**

ii) Other Collateral

- Fundo de Participação, in the amount of R$214,675 (R$181,260 at December 31, 2011), formed by collateral transferred by Clearinghouse participants, intended to guarantee the proper settlement of transactions;

- Fundo Operacional da Clearing de Câmbio, in the amount of R$50,000 at December 31, 2012 and December 31, 2011, with the purpose of maintaining funds of BM&FBOVESPA to cover losses resulting from operating or administrative failures;

- Special equity, in the amount of R$42,295 (R$ 38,956 at December 31, 2011), in compliance with the provisions of Article 5 of Law 10,214, of March 27, 2001 and of Article 19 of Circular 3,057 of the Brazilian Central Bank, of August 31, 2001.

(d) Safeguard structure of the Securities Clearinghouse

i) The main components of the Securities Clearinghouse are described below:

Composition	2012	2011
Federal government bonds	1,046,977	1,142,266

ii) Other Collateral

- Fundo Operacional da Clearing de Ações, in the amount of R$40,000 at December 31, 2012 and December 31, 2011, with the purpose of maintaining funds of BM&FBOVESPA to cover losses resulting from operating or administrative failures of participants;

- Special equity, in the amount of R$29,747 (R$27,395 at December 31, 2011), in compliance with the provisions of Article 5 of Law 10,214, of March 27, 2001 and of Article 19 of Circular 3,057 of the Brazilian Central Bank, of August 31, 2001.

(e) Guarantee funds and Mecanismo de Ressarcimento de Prejuízos

BM&FBOVESPA Supervisão de Mercados - BSM manages the "Mecanismo de Ressarcimento de Prejuízos" - MRP, the sole purpose of which is to assure reimbursement of loss to clients of brokerage firms that trade in BM&FBOVESPA upon the occurrence of events determined in the regulation, The resources of MRP aim to assure that their members' clients are refunded for losses resulting from errors in the execution of orders accepted and from inadequate or irregular use of funds belonging to clients, under the terms of CVM Instruction 461/07.

The subsidiaries Bolsa Brasileira de Mercadorias and Bolsa de Valores do Rio de Janeiro (BVRJ) also manages Guarantee Funds, special purpose entities without a legal status, The maximum liability of these Guarantee Funds is limited to the sum of their net assets.

The Net assets of the MRP and Guarantee Funds amounted to R$318,330 at December 31, 2012 (R$ 312,097 at December 31, 2011). In 2011, BM&FBOVESPA made a contribution to MRP of R$92,342. This contribution had the objective to unify the resources related to MRP, under the administration of BSM.

18. Employee Benefits

(a Stock options- Long Term Compensation

BM&FBOVESPA has a Stock Option Plan ("Option Plan") adopted at the Extraordinary General Meeting held on May 8, 2008, as amended at the Extraordinary General Meeting held on April 18, 2011, by which the employees of BM&FBOVESPA and its subsidiaries are eligible to receive stock options.

The Option Plan delegates broad powers to the Board to approve the granting of options and to manage them through stock option programs ("Programs"), which must define, among other specific conditions: (i) their beneficiaries, (ii) the total number of shares of BM&FBOVESPA to be granted, (iii) the division of the award in batches, if necessary, (iv) the exercise price, (v) the vesting period and deadline for exercising the option, (vi) restrictions on transfer of shares received by exercising the option, and (vii) the resolution of any necessary penalties.

The Plan also allows the Board of Directors to approve the granting of options with different conditions to certain beneficiaries ("Additional Options"), The granting or exercise of the Additional Options must necessarily be conditioned on (i) the acquisition by the Beneficiary of shares of BM&FBOVESPA, through the use of own resources and under the percentage, terms and conditions set forth in each Program ("Own Shares"); and (ii) the observance of a period of restriction on the sale of own shares (lock-up).

Currently there are five Programs to grant options in the Options Plan, approved by the Board.

BM&FBOVESPA recognized expenses in the statement of income related to both grants of the plan in the total amount of R$32,306 during 2012 (R$53,630 at December 31, 2011) against capital reserves in shareholders' equity, BM&FBOVESPA considered in this calculation an estimated turnover of 11% and 20%, i,e, the estimated number of options which will not vest due to employees who opt to leave the Company or whose employment is terminated before achieving vested rights to exercise the options.

Until December 31, 2012, BM&FBOVESPA used 1.50% (1.03% at December 31, 2011) of the total limit of 2.5% of share capital for stock option grants, leaving 1,00% of capital for new programs, When the options are exercised, the beneficiaries will be issued new shares, by increasing the capital of BM&FBOVESPA, or treasury shares.

The exercise price per share is equal to the average closing price of the 20 trading days preceding the date of grant, subject to vesting periods for its exercise.

The conditions of the programs provide that the option can be exercised after the expiration of each vesting period, limited to a maximum term of seven years from the first vesting period, Completed the waiting period, the option may be exercised wholly or partly, If the option is exercised in part, the holder may exercise the remainder within the terms already set, The option not exercised within the terms and conditions stipulated in the respective programs will be considered automatically terminated, without right to compensation.

In the event of termination of the beneficiary's relationship with BM&FBOVESPA because of dismissal or resignation (in the case of a member of management), or upon dismissal or termination of service agreement without cause or through resignation : (i) the options already released from grace period may be exercised, subject to the maximum exercise period set in the program, and (ii) options whose grace period has not elapsed expire without the right to compensation.

If the beneficiary were to die or become permanently disabled from being able to perform their function in BM&FBOVESPA, the rights arising from the options may be exercised, as appropriate, by the beneficiary or his heirs and successors, who may exercise such rights, whether or not the initial grace periods had incurred, for a period of one year from the date of death or permanent disability, after which they will become extinct without the right to compensation.

Additionally, due to the incorporation of BM&F S,A,, BM&FBOVESPA entered the Stock Optios Plan issued by the BM&F S,A,, approved at the General Meeting of Shareholders of BM&F S,A, on September 20, 2007, The stock options granted under the plan as a whole have reached a condition of vesting.

Options Granted

Plan	Grant Date	Granted	Price (R$)	Granted	Exercised and canceled in prior periods	Canceled in period 2012	Exercised in nine-months period 2012	Outstanding contracts 09/30/2012	Fair value of options on grant date (in reais)
BM&F S.A.	18/12/2007	18/12/2009	1,00	6,652,596	(6,652,596)	-	-	-	21,81
	18/12/2007	18/12/2010	1,00	6,329,396	(6,065,996)	-	(210,900)	52,500	21,54
	18/12/2007	18/12/2011	1,00	6,244,396	(4,583,796)	(4,500)	(1,479,600)	176,500	21,32
				19,226,388	(17,302,388)	(4,500)	(1,690,500)	229,000	
2008 Program	19/12/2008	30/06/2009	5,174	1,132,966	(944,778)	-	(140,575)	47,613	3,71
	19/12/2008	30/06/2010	5,174	1,132,966	(868,026)	-	(174,102)	90,838	3,71
	19/12/2008	30/06/2011	5,174	1,132,959	(590,210)	-	(380,687)	162,062	3,71
	19/12/2008	30/06/2012	5,174	1,132,959	(402,612)	(4,400)	(383,923)	342,024	3,71
				4,531,850	(2,805,626)	(4,400)	(1,079,287)	642,537	
2009 Program	01/03/2009	31/12/2009	6,60	2,486,750	(1,559,257)	-	(552,270)	375,223	2,93
	01/03/2009	31/12/2010	6,60	2,486,750	(1,173,250)	-	(772,750)	540,750	2,93
	01/03/2009	31/12/2011	6,60	2,486,750	(499,000)	(15,000)	(1,055,900)	916,850	2,93
	01/03/2009	31/12/2012	6,60	2,486,750	(506,250)	(88,750)	(107,250)	1,784,500	2,93
				9,947,000	(3,737,757)	(103,750)	(2,488,170)	3,617,323	
2010 Program	03/01/2011	03/01/2011	12,91	3,488,000	(189,500)	(564,500)	(42,375)	2,691,625	4,50
	03/01/2011	03/01/2012	12,91	3,488,000	(378,375)	(453,375)	(12,375)	2,643,875	4,50
	03/01/2011	03/01/2013	12,91	3,488,000	(378,375)	(434,000)	-	2,675,625	4,50
	03/01/2011	03/01/2014	12,91	3,488,000	(447,125)	(434,000)	-	2,606,875	4,50
				13,952,000	(1,393,375)	(1,885,875)	(54,750)	10,618,000	
2011 Program	02/01/2012	02/01/2013	10,07	3,180,500	-	(143,125)	-	3,037,375	2,79
	02/01/2012	02/01/2014	10,07	3,180,500	-	(143,125)	-	3,037,375	2,79
	02/01/2012	02/01/2015	10,07	3,180,500	-	(143,125)	-	3,037,375	2,79
	02/01/2012	02/01/2016	10,07	3,180,500	-	(143,125)	-	3,037,375	2,79
				12,722,000	-	(572,500)	-	12,149,500	
Additional	02/01/2012	02/01/2015	5,04	1,336,345	-	(4,483)	-	1,331,862	4,19
program	02/01/2012	02/01/2017	5,04	1,336,345	-	(4,482)	-	1,331,863	4,19
				2,672,690	-	(8,965)	-	2,663,725	
Total				**63,051,928**	**(25,239,146)**	**(2,579,990)**	**(5,312,707)**	**29,920,085**	

Total options exercised during the period

	Plan BM&F S.A.		Plan BM&FBOVESPA	
Exercise Month	**Average Market Price per share(R$)**	**Quantity carried**	**Average Market Price per share(R$)**	**Quantity carried**
January	10,43	200,000	10,46	167,500
February	11,89	664,650	11,89	813,437
March	12,09	495,000	12,09	579,066
April	-	-	11,03	345,230
May	-	-	10,42	29,750
June	10,15	286,000	10,18	69,149
July	11,10	2,500	11,13	322,655
August	11,65	18,100	11,73	250,375
September	11,95	5,500	12,36	440,810
October	12,40	4,500	12,88	122,910
November	12,54	11,250	12,97	301,075
December	13,69	3,000	13,71	180,250
Total Exercised Options in 2012		**1,690,500**		**3,622,207**
Total Exercised Options in 2011		**3,513,546**		**2,159,749**

Consolidated activity during the year

	Quantity
At December 31, 2010	**16,285,237**
Granted Options	13,952,000
Exercised Options (note 15 (b))	(5,673,295)
Canceled Optons	(2,145,850)
At December 31, 2012	**22,418,092**
Opções outorgadas	15,394,690
Opções exercidas (Nota 15(b))	(5,312,707)
Opções canceladas e vencidas	(2,579,990)
At December 31, 2012	**29,920,085**

The percentage of capital dilution

							2012
	BM&F S.A.	**BM&FBOVESPA**					**TOTAL**
Granted at	18/12/2007	19/12/2008	01/03/2009	03/01/2011	02/01/2012	02/01/2012	
Stock option otstanding	229,000	642,537	3,617,323	10,618,000	12,149,500	2,663,725	29,920,085
Otstanding shares							1,931,572,495
Dilution rate	0,01%	0,03%	0,19%	0,55%	0,63%	0,14%	1,55%

					2011
	BM&F S.A.	**BM&FBOVESPA**			**TOTAL**
Granted at	18/12/2007	19/12/2008	01/03/2009	03/01/2011	
Stock option otstanding	1,924,000	1,726,224	6,209,243	12,558,625	22,418,092
Otstanding shares					1,927,991,988
Dilution rate	0,10%	0,09%	0,32%	0,65%	1,16%

Effects arising from the exercise of the options

	2012	**2011**
Details	24,404	17,024
(-)Cost of treasury shares old	(53,236)	(57,284)
Effect on disposal of shares	**(28,832)**	**(40,260)**

Option pricing model

To determine the fair value of the options granted, BM&FBOVESPA takes into account the following aspects:

a) The model of stock options granted by BM&FBOVESPA permits the early exercise as from the future vesting date, this being between the date of grant and the date of expiry;
b) The shares pay dividends between the grant date and the option expiry date.

Accordingly, these options have characteristics of the European model (early exercise is not allowed) until the vesting date and characteristics of the American model (possibility of early exercise) between the vesting date and the option expiry date, This form of options is known as the Bermuda or Mid-Atlantic type and their price must be between the price of a European option and the price of an American option with similar characteristics, In relation to the dividend payment, there are two impacts on the price of the option that should be taken into account: (i) the fall in share prices after the dates on which they become ex-dividend and (ii) the influence of such payments on the decision to exercise the option early.

Considering the aspects above, a modified Binomial method (Cox-Ross-Rubinstein) was used to determine the fair value of the options granted which consider the existence of two distinct periods in relation to the possibility of anticipated exercise (before and after the vesting dates), This method produces results which are equivalent to the results of the Black & Scholes model for non-complex European options, having the advantage of being able to incorporate the characteristics of an exercise and the payment of dividends associated with the stock options considered.

The main assumptions used in pricing the options were:

a) The options were valued based on the market parameters effective on each of the grant dates of the different plans;
b) To estimate the risk-free interest rate, were adopted the future interest contracts negotiated for the maximum exercise period of the options;
c) Since BM&FBOVESPA was a recently listed entity at the time the BM&F plan was granted, historical volatility did not provide sufficient information on share volatility, considering the contractual term for exercising the options, As a result, BM&FBOVESPA used the implicit volatility of similar entities (international stock exchanges) as a basis for estimating the volatility of its shares over periods in which liquidity was sufficient to guarantee the quality of the data gathered;
d) In order to define the volatility applied by the pricing model of the second and fifth grants of the BM&FBOVESPA plan, three measures commonly employed in finance were evaluated: (i) implied volatilities, (ii) volatilities estimated via autoregressive model (GARCH) and; (iii) volatility model estimated via exponential weighted moving average (EWMA), Although the exclusive use of implied volatilities, i.e. volatilities computed based on observed prices in the market, offers more accurate estimates, options trading of the shares of those grants had low liquidity on the dates of grant, and refer to lower maturities, Thus, BM&FBOVESPA used the average between the implied volatility observed and the estimated volatility via EWMA model to estimate the volatility of its shares, since the results obtained with the GARCH model were not satisfactory;
e) The share prices were adjusted in order to take into account the impact of dividend payments; and
f) The maximum period for exercising the options granted was used as expiry date of the options,

The remaining usual assumptions related to option pricing models, such as inexistence of arbitrage opportunities, as well as, constant volatility and interest rates over the period, were also considered in the calculation.

(b) Private pension plan

The private pension plan "Fundo de Pensão Multipatrocinado das Instituições do Mercado Financeiro e de Capitais (MERCAPREV) is structured as a defined contribution retirement plan and is sponsored by the following entities: Ancord, BM&FBOVESPA, Sindival and the brokerage firms Souza Barros and Talarico, with voluntary participation open to all employees.

The participant's monthly contribution is the sum of 1% contribution of a "Unidade Previdenciária" -UP (equivalent to R$ 3,000.00 and readjusted as bargaining agreement) plus the percentage chosen by the employee between 1% to 7% of the value above a "UP" up to the the salary of the participant. The sponsor's monthly contribution equal to 100% of the value chosen by the participant. BM&FBOVESPA has no obligations related to additional payments to its contribution as a sponsor. In the event of termination of employment prior to retirement provided, the participant may keep the plan within the rules established by regulation or order the cancellation of the registration, in which case chooses: (i) the portability of 100% of the balance the reservations made by the participant contributions and Company as time, up to 90% of the balance of the reserves formed by contributions from the sponsor, or (ii) the redemption of 100% of the balance of the reserves constituted by the contributions of the participant and as time Company, up to 50% reserve balance made up of contributions from the sponsor. In any of the above there is no additional cost to the BM&FBOVESPA.

The BM&FBOVESPA, as provided in the Regulations and approved by the Boards of Mercaprev, used the balance of the Fund Pension, constituted by the contributions of Sponsor regarding the participants who were not entitled due to shutdown before becoming eligible for Plan benefits, to compensate for contributions BM&FBOVESPA in the period January to September 2012. The value of the contribution for the period ended 31 December 2012 was R$1,613, and refers to the period from October to December 2012. In 2011 the contributions occurred in all months and the total amount of R $ 3,252.

(c) Post-retirement health care

BM&FBOVESPA maintains a post-retirement health care for a group of former employees.

On December 31, 2012, the actuarial liabilities related to this plan was R$ 27,533, calculated using the following assumptions:

Discount rate	4,00% per year
Rate of price inflation	4,50% per year
Health Care Cost Trend Rate	3,00% per year
Mortality Table	AT-2000

Average life expectancy in years of a pensioner retiring at age 65, as follows:

Retirement today (member age 65)	20 years
Retirement in 25 years (member age 40 today)	20 years

The sensitivity of the actuarial liability of the health care plan at December 31, 2012 to changes in key assumptions are:

Sensitivity to trend rate assumptions	Impact on liabilities
Increase of 1%	5,223
Decrease of 1%	(4,169)

19. Income Tax and Social Contribution on Net Income

(a) Deferred income tax and social contribution

The balance of deferred tax assets and liabilities is as follows:

Details	BM&FBOVESPA and Consolidated 2012	2011
Tax, labor and civil contingencies	12,402	8,525
Tax loss carryforwards	29,107	30,053
Exchange variation on foreign debt issuance	58,262	23,367
Other Temporary differences	32,515	18,605
Total deferred tax assets	**132,286**	**80,550**
Goodwill amortization (1)	(1,739,699)	(1,200,623)
Other	55	(3,959)
Total deferred tax liabilities	**(1,739,644)**	**(1,204,582)**
Net deferred tax	**(1,607,358)**	**(1,124,032)**

(1) Deferred income tax and social contribution liabilities arising from temporary differences between the tax basis of goodwill and its carrying value on the balance sheet, considering that goodwill is still amortized for tax purposes, but is no longer amortized for accounting purposes as from January 1, 2009 , resulting in a tax base smaller than the carrying value of goodwill, This temporary difference may result in amounts becoming taxable in future periods, when the carrying amount of the asset will be reduced or liquidated, this requiring the recognition of a deferred tax liability

Net changes in deferred tax during the year:

	BM&FBOVESPA and Consolidated			
	2011	**Debit (credit) at income statement**	**Debit (credit) at Comprehensive Income**	**2012**
Deferred tax assets				
Tax, labor and civil contingencies	8,525	3,877	-	12,402
Tax loss carryforwards	30,053	(946)	-	29,107
Exchange variation on foreign debt issuance	23,367	-	34,895	58,262
Other Temporary differences	18,605	13,910	-	32,515
Total deferred tax assets	**80,550**	**16,841**	**34,895**	**132,286**
Deferred tax liabilities				
Goodwill amortization	(1,200,623)	(539,076)	-	(1,739,699)
Other	(3,959)	4,014	-	55
Total of deferred tax liabilities	**(1,204,582)**	**(535,062)**	**-**	**(1,739,644)**
Net of deferred tax	**(1,124,032)**	**(518,221)**	**34,895**	**(1,607,358)**

(b) Estimated realization period

The deferred income tax and social contribution assets arising from temporary differences are recorded in the books taking into consideration the probable realization of these tax assets, based on projections of future results prepared in accordance with and supported by internal assumptions and future economic scenarios that may, accordingly, not materialize as expected.

It is expected that deferred tax assets (including the tax loss carry forward of R$29,064) will be realized in the amount of R$38,270 until one year and R$94,302 after one year and for the deferred liabilities the expectative of realization is over one year, At December 31, 2012, the present value of the deferred tax assets considered in the expectation amounts to R$108,274.

As the income tax and social contribution taxable bases arise not only from the profit that may be generated, but also from the existence of non-taxable income, non-deductible expenses, tax incentives and other variables, there is no immediate correlation between accounting profit of BM&FBOVESPA and the income subject to income tax and social contribution, Therefore, the expectation of the use of deferred tax assets should not be considered as the only indicator of future income of BM&FBOVESPA.

The goodwill amount deductible for income tax and social contribution purposes amounts to R$8.040,296 at December 31, 2012 (R$9,625,812 at December 31, 2011)

The realization of the deferred tax liability will occur as the difference between the tax basis of goodwill and its carrying amount is reversed, that is, when the carrying value of goodwill in the balance sheet is either reduced or liquidated.

(c) Reconciliation of the income tax and social contribution expense

The income tax and social contribution amounts presented in the statements of income at nominal rates are reconciled to the statement rates as follows:

	BM&FBOVESPA	
	2012	**2011**
Net income before income tax and social contribution	**1,656,170**	**1,583,194**
Income tax and social contribution before additions and exclusions	(563,098)	(538,286)
Aditions:	**(102,015)**	**(125,215)**
Adjustments from Law 11,638/07	(10,984)	(18,234)
Non-deductible expenses (1)	(91,031)	(106,981)
Exclusions:	**84,202**	**127,742**
Equity	53,602	76,742
Interest on onwn capital	30,600	51,000
Other	(969)	564
Income tax and social contribution	**(581,880)**	**(535,195)**

	Consolidated	
	2012	**2011**
Net income before income tax and social contribution	**1,659,791**	**1,588,210**
Income tax and social contribution before additions and exclusions	(564,329)	(539,991)
Aditions:	**(101,589)**	**(125,438)**
Adjustments from Law 11,638/07	(10,984)	(18,234)
Non-deductible expenses (1)	(90,605)	(107,204)
Exclusions:	**81,352**	**125,617**
Equity	50,752	74,617
Interest on onwn capital	30,600	51,000
Other	(969)	131
Income tax and social contribution	**(585,535)**	**(539,681)**

(1) Refers mainly to (i) R$60,196 of recoverable income tax paid abroad (Note 7),

(d) Taxes recoverable and prepaid

	BM&FBOVESPA	
Description	**2012**	**2011**
IRPJ/CSLL Preapaid - Current Period	24,797	-
IRRF - Financial investments - Current Period	46,924	62,897
Negative basis IRPJ/CSLL - Previous period	79,425	48,504
Foreing Taxes Recoverable	17,402	18,051
PIS/Cofins Recoverable	11,017	11
Other Taxes	877	630
Total	**180,442**	**130,093**

	Consolidated	
Description	**2012**	**2011**
IRPJ/CSLL Preapaid - Current Period	24.797	1.945
IRRF - Financial investments - Current Period	46.924	62.897
Negative basis IRPJ/CSLL - Previous period	79.425	48.504
Foreing Taxes Recoverable	17.402	18.051
PIS/Cofins Recoverable	11.017	11
Other Taxes	893	650
Total	**180.458**	**132.058**

20. Revenue

	BM&FBOVESPA		Consolidated	
	2012	**2011**	**2012**	**2011**
Trading and/or settlement system - BM&F	**865,874**	**760,245**	**865,874**	**760,245**
Derivatives	848,858	744,018	848,858	744,018
Foreign Exchange	16,999	16,102	16,999	16,102
Assets	17	125	17	125

	BM&FBOVESPA		Consolidated	
	2012	2011	2012	2011
Trading and/or settlement system – Bovespa (1)	**1,034,007**	**964,702**	**1,034,007**	**964,702**
Negotiation – trading fees	243,181	540,391	243,181	540,391
Transactions – clearing and settlement	769,221	396,023	769,221	396,023
Other (2)	21,605	28,288	21,605	28,288
Other revenues	**356,855**	**357,159**	**389,142**	**391,036**
Loans of marketable securities	77,063	74,030	77,063	74,030
Listing of marketable securities	45,625	44,841	45,625	44,841
Depository, custody and back office	102,763	91,353	102,763	91,353
Trading participant Access	51,540	49,153	51,540	49,153
Vendors – quotations and market information	67,668	65,049	67,668	65,049
Bolsa Brasileira de Mercadorias – Negociation – trading fees	-	-	4,931	5,959
Bank – Financial intermediation and bank fees	-	-	19,708	20,461
Other	12,196	32,733	19,844	40,190
Deductions of revenue	**(221,897)**	**(209,339)**	**(224,273)**	**(211,299)**
PIS and COFINS taxes	(194,022)	(187,023)	(195,555)	(188,504)
Taxes on services	(27,875)	(22,316)	(28,718)	(22,795)
Total Revenue	**2,034,839**	**1,872,767**	**2,064,750**	**1,904,684**

(1) During August 2011, with the entry into force of the new pricing policy of the Bovespa, the cost of trading and post-trade (transactions) have been rebalanced, without changing the total price paid by investors.

(2) Refers mainly to settlements and public offerings income

21. Sundry Expenses

	BM&FBOVESPA	
Descrição	**2012**	**2011**
Electricity, water and sewage	10,498	10,116
Expenses of Intangible loss	3,620	7,795
Contributions and donations (1)	24,011	6,371
Travel	4,900	4,987
Sundry provisions	7,237	4,093
Rental	3,047	3,132
Locações	2,406	2,431
Expendable materials	2,974	2,501
Minimal trading fees (Note 16)	1,198	1,271
Entities abroad expenses	1,074	1,765
Other	5,076	841
Total	**66,041**	**45,303**

	Consolidated	
	2012	**2011**
Electricity, water and sewage	10,723	10,335
Expenses of Intangible loss	3,620	7,795
Contributions and donations (1)	24,132	6,540
Travel	5,476	5,525
Sundry provisions	8,091	8,492
Rental	3,024	2,945
Expendable materials	3,013	2,609
Transport Expenses	1,094	1,820
Other	5,394	1,417
Total	**64,567**	**47,478**

(1) Refers mainly to contribution to the MRP at the amount of R$ 15,000 and to Associação BM&F at the amount of R$ 2,173.

22. Financial results

	BM&FBOVESPA	
	2012	2011
Financial income		
Revenue from financial assets measured at fair value	272,623	331,692
Exchange rate	7,888	7,834
Other financial income	13,780	13,431
	294,291	**352,957**
Financial expense		
Interest on foreign debt and loans	(80,199)	(69,412)
Exchange rate	(5,305)	(4,392)
Other financial expense	(2,527)	(1,615)
	(88,031)	**(75,419)**
Financial Results	**206,260**	**277,538**

	Consolidated	
	2012	2011
Financial income		
Revenue from financial assets measured at fair value	275,726	335,313
Exchange rate	7,888	7,834
Other financial income	13,603	14,573
	297,217	**357,720**
Financial expense		
Interest on foreign debt and loans	(80,199)	(69,412)
Exchange rate	(5,305)	(4,392)
Other financial income	(2,862)	(3,187)
	(88,366)	**(76,991)**
Resultado financeiro	**208,851**	**280,729**

23. Information about Business Segments

We present below consolidated information based on reports used by the Executive Board for making decisions, with the segments comprising Bovespa, BM&F, Corporate, Due to the nature of the business, the Executive Board does not use any information on assets and liabilities by segment to support the decision making.

Bovespa Segment

The Bovespa segment covers the various stages of the trading cycle of fixed and variable income and equity securities, on the stock exchange and Over the Counter (OTC),BM&FBOVESPA manages the national stock exchange and OTC market for trading of variable income securities, including stocks, stock receipts, Brazilian Depository Receipts, stock derivatives, subscription bonuses, various types of closed-end investment funds, shares representing audiovisual investment certificates, non-standard options (warrants) to purchase and sell securities and other securities authorized by the CVM.

BM&F segment

The BM&F segment covers the main steps of the cycles of trading and settlement of securities and contracts: (i) trading systems in an environment of electronic trading and trading via internet (WebTrading), (ii) recording, clearing and settlement systems, integrated with a risk management system to ensure the proper settlement of the transactions recorded, and (iii) custodian systems for agribusiness securities, gold and other assets.

In addition, this segment includes the trading of commodities, foreign exchange, and public debt, and services provided by Banco BM&FBOVESPA and the Brazilian Commodities Exchange.

Corporate segment

Services provided as depository of securities, as well as loans and of securities (registration in our systems of issuers of securities for trading), data services and classification of commodities, and technological products.

				2012 Consolidated
	Bovespa Segment	Bovespa Segment	Enterprise products and Institutional	Total
Gross operating revenue	1,034,007	865,874	389,142	2,289,023
Deductions from revenue	(101,786)	(85,202)	(37,285)	(224,273)
Net operating revenue	**932,221**	**780,672**	**351,857**	**2,064,750**
Adjusted operational expenses	(231,739)	(176,482)	(155,266)	(563,487)
Depreciation and Amortization	(44,243)	(32,954)	(16,545)	(93,742)
Stock Options	(12,496)	(10,563)	(9,247)	(32,306)
Alowance for doubtful acounts	(3,054)	(2,717)	(2,874)	(8,645)
Other	(30,427)	(26,497)	(7,976)	(64,900)
Total operational expenses	**(321,959)**	**(249,213)**	**(191,908)**	**(763,080)**
Operating income	**610,262**	**531,459**	**159,949**	**1,301,670**
Equity pick-up				149,270
Financial Results				208,851
Taxes				(585,535)
Net income	**610,262**	**531,459**	**159,949**	**1,074,256**

				2011
				Consolidated
	Bovespa Segment	**Bovespa Segment**	**Enterprise products and Institutional**	**Total**
Gross operating revenue	964,702	760,245	391,036	2,115,983
Deductions from revenue	(98,295)	(76,987)	(36,017)	(211,299)
Net operating revenue	**866,407**	**683,258**	**355,019**	**1,904,684**
Adjusted operational expenses	(237,399)	(172,280)	(174,842)	(584,521)
Depreciation and Amortization	(31,581)	(25,996)	(17,631)	(75,208)
Stock Options	(20,564)	(17,975)	(15,091)	(53,630)
Allowance for doubtful accounts	(358)	110	(837)	(1,085)
Contribution	-	-	(92,342)	(92,342)
Other	(4,784)	(3,876)	(1,218)	(9,878)
Total operational expenses	**(294,686)**	**(220,017)**	**(301,961)**	**(816,664)**
Operating income	**571,721**	**463,241**	**53,058**	**1,088,020**
Financial Results				280,729
Taxes				(539,681)
Lucro líquido do exercício	**571,721**	**463,241**	**53,058**	**1,048,529**

24. Insurance

Supported by its insurance brokers, BM&BOVESPA contracts in the market coverage compatible with its size and operations, The main coverage, at December 31, 2012, is indicated below, according to the insurance policies:

Insurance lines	**Amounts insured**
Amounts at risk, material damages, property and equipment	417,727
Civil liability	109,175
Works of art	16,133

25. New standards, amendments and interpretations

The amendments below are effective for financial years beginning after January 1, 2013 and have not been adopted early. In the analysis by the management, these pronouncements will not bring significant impacts to the financial statements.

- CPC 40 (R1) – Financial Instruments: Disclosures (IFRS 7) - In December 2011 was issued new amendment to the pronouncement which requires additional disclosures about the process of offsetting.
- CPC 33 (R1) – Employee Benefits (IAS 19) - This amendment excludes the alternative method of using the "corridor" and requires that all movements should be registered in Other Comprehensive Income.
- CPC 18(R2) - Investments in Associates and Subsidiaries (IAS 28) - Amendment to IAS 28 addresses issues related to accounting for investments in associates and sets out the requirements for application of the equity method for accounting nvestments in associates and jointly controlled entities.
- CPC 36 (R3) – Consolidated Financial Statements (IFRS 10) - The amendment changes the current principle, identifying the concept of control as determinant for an entity to be consolidated.
- CPC 19 (R2) – Joint Arrangements (IFRS11) - The amendment provides a different approach to analysis "Joint Arrangements" with focus on the rights and obligations of agreements, than in legal ways. The IFRS 11 divides "Joint Arrangements" in two ways: "Joint Operations" and "Joint Ventures", according to the rights and obligations of the parties. For investments in "Joint Ventures", proportionate consolidation is no longer allowed.
- CPC 45 - Disclosures of Interests in Other Entities (IFRS 12) - The amendment includes new disclosure requirements for all forms of investment in other entities, such as "Joint Arrangements", associations and special purpose entities.
- CPC 46 - Fair Value Measurement (IFRS 13) - The pronouncement has the objective to improve consistency and reduce complexity of disclosures, using precise definitions of fair value.
- Annual Improvements cycle (2009-2011) - Every year the IASB makes small changes in a series of amendments, aiming to clarify the current rules and avoid inconsitent interpretation. The most recent cycle were revised IFRS 1 - "First-time adoption of IFRS", IAS 1 - "Presentation of Financial Statements", IAS 16 - "Property, Plant and Equipment", IAS 32 - "Financial Instruments: Presentation" and IAS 34 - "Interim Financial Reporting".

26. Subsequent Events

At its meeting held on February 19, 2013, the Board of Directors proposed the distribution of additional dividends for the year ended December 31, 2012 in the amount of R$ 388,703, to be approved at the General Meeting of Shareholders.

* * *

Financial Statements as of December 31, 2012 and Independent Auditor 's Report

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS
BM&FBOVESPA S.A. – BOLSA DE VALORES, MERCADORIAS E FUTUROS

We have audited the accompanying financial statements of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros ("Parent Company"), which comprise the balance sheet as at December 31, 2012 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We have also audited the accompanying consolidated financial statements of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2012 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the Parent Company financial statements in accordance with accounting practices adopted in Brazil, and for the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Parent Company financial statements

In our opinion, the Parent Company financial statements referred to above present fairly, in all material respects, the financial position of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros as at December 31, 2012, and its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros and its subsidiaries as at December 31, 2012, and their financial performance and their cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

Emphasis of matter

As discussed in note 2 to these financial statements, the Parent Company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros, these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries and affiliates based on equity accounting, while IFRS requires measurement based on cost or fair value. Our opinion is not qualified in respect of this matter.

Other matters

Supplementary information – statements of value added

We also have audited the Parent Company and consolidated statements of value added for the year ended December 31, 2012, which are the responsibility of the Company's management. The presentation of these statements is required by the Brazilian corporate legislation for listed companies, but they are considered supplementary information for IFRS. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

São Paulo, February 19, 2013

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Luiz Antonio Fossa
CRC 1SP196161/O-8

Audit Committee Report

Preliminary information

The Audit Committee of BM&FBOVESPA S.A. is a standing board advisory committee established under the Bylaws. The Committee is composed of five independent members appointed by the directors for two-year terms. Appointments take into account the requirements and eligibility standards set out in the law and applicable regulations, as well as recommended international best practices.

Duties and responsibilities

The Management of BM&FBOVESPA S.A. (hereinafter BM&FBOVESPA or the Company) is responsible for defining and implementing data-gathering processes and procedures for the preparation of financial statements in accordance with the requirements of Brazilian Corporate Law, with the generally accepted accounting principles in Brazil (BR GAAP) and applicable Brazilian Securities Commission (CVM) regulations.

Moreover, Management is responsible for putting in place internal controls processes, policies and procedures designed to provide assurance as to the safeguarding of assets, timely recognition of liabilities and the elimination or reduction to an acceptable level the exposure to risk factors inherent to the business and the Company.

The responsibilities of the internal auditors include assessing the quality of the internal control system of BM&FBOVESPA and compliance with policies and procedures established by Management, including policies and procedures related to the preparation of financial reports.

The responsibilities of the independent auditors include auditing the financial statements to express an opinion as to the Company's adherence to applicable rules. As a result of their work, in addition to other reports there are tasked with preparing, such as special quarterly reviews of the financial reports, the independent auditors issue a report addressing their findings as to accounting and internal control practices of the Company.

The responsibilities of the Audit Committee are set out in the Committee Regulation, and include those that are provided under CVM Ruling 509/11.

In exercising its independent judgment, the Audit Committee relies to a significant extent on information provided by Management about information systems, the financial statements and internal controls, and on the findings of internal and independent auditors.

Audit Committee Activities

The Audit Committee meets at least every month in ordinary sessions. Over 2012, the Committee held 13 ordinary sessions and two extraordinary sessions, regarding which it held 78 meetings with Management members, the internal and external auditors and other interlocutors. In addition, the Committee and the directors held five meetings over the course of 2012.

Meetings with Management

At meetings with executive officers and respective department staff, the discussions covered topics related to structure, routine operations, work processes, possibly identified deficiencies in the internal controls system and improvement action plans.

In particular, greater focus has been place on the following topics:

Information Technology (IT) and Information Security – Over 2012, the Audit Committee continued to monitor the progress achieved in connection with IT processes and controls and the implementation of mid- to long-term action plans.

At meetings with the Chief IT and Security Officer and his team discussions covered actions implemented and improvements designed to optimize system availability and business continuity management. In addition, discussions addressed the outcome of the independent consultants' assessment of the level of maturity of IT processes.

At meetings with the Chief Audit Executive discussions addressed a number of issues related to information security, including the outcomes of work performed over the year and tests of the intrusion detection system.

In addition, the Committee received reports on the outcome of business continuity tests performed over the year and monitored by the internal audit department.

Certain IT operational incidents were discussed with the Chief IT and Security Officer and proposed mitigating measures were analyzed.

Financial Management and Reporting – At meetings with the Chief Financial Officer, the independent auditors and, as the case may be, the specialist independent advisors, the Committee covered issues related to the valuation and impairment testing of goodwill related to the acquisition of Bovespa Holding and the investment in CME shares.

The financial department team gave a presentation on the flow of the entire process of closing an accounting period, and details for each of the process phases. On the occasion, the team also presented the project for the transition from the Resource Management (RM) system to SAP-ERP system.

Contingencies – The Committee met with internal counsels from our Legal Department, staff from the financial department and the independent auditors for a discussion of the more important ongoing administrative and court proceedings to discuss their assessments as to prospects for a win or defeat.

Human Resources – At meetings with the Chief Human Resources Officer, the Committee covered topics as executive compensation and benefits, as well as the private pension fund.

Internal Controls and Corporate Risk

Over the course of 2012, the Committee met with a number of executive officers for discussions about the need to adopt and implement an internal control and corporate risk structure which operates independently from the internal audit structure, in a manner which is compatible with the size and complexities of the Company's business operations. At the end of the year, Management communicated the creation of the Internal Controls, Compliance and Corporate Risk Department.

The Committee reviewed the Corporate Risk Report, which meet the requirements of CVM Ruling 461. In addition, the Committee reviewed the Internal Controls Report prepared in accordance with article 3 of Central Bank Resolution 2,554.

The affairs related to anti-money laundering continue to be monitored by the Committee and discussed at regular meetings with the General Counsel and the Chief Officer for Trading, Clearing and Depository Services.

Moreover, consistent with the requirement of CVM Ruling 509/11, a whistleblower channel has been implemented, giving the Audit Committee ability to receive internal and external confidential communication and claims related to the Company.

The Audit Committee takes the view that positive measures have been adopted by Management in order to strengthen the internal controls, compliance and corporate risk systems of the Company. Moreover, it is the Committee expectation that as the multiple action plans now ongoing are implemented over the coming years, significant improvements should be perceived in the internal controls and compliance structures of the Company.

Independent Auditors
The Audit Committee met with the independent auditors to gather information about the auditor independent policy as applied to auditing work performed, for a judgment as to the absence of conflicts of interest relative to audit-unrelated services for which they may have been engaged by Management. In addition, the discussions with the independent auditors covered their analysis of audit risks, and the audit plan, with a view to establishing the nature, timing and extent of key audit procedures and possibly audit points identified, and determine modus operandi.

Over the year, after the completion of the quarterly audit reviews, the Audit Committee met with the independent auditors to discuss their main findings. At the start of the preliminary audit work, and at the end of the annual audit, the Committee held dedicated meetings with the independent auditors to revisit specific issues covering audit risk and related procedures.

The Committee had an opportunity to discuss every topic deemed worthy of further consideration for a more effective assessment of potential risks associated with the financial statements and measures to mitigate any such risks through audit and control procedures.
In addition to dedicated meetings for discussion of independent audit work under CVM Ruling 461, the auditors delivered presentations on internal control points of improvement identified in the course of auditing the 2011 financial statements, as segregated by nature and classified by complexity and impact on Company processes.

At year-end, the Committee proceeded to make a formal assessment of the independent audit work. The Committee considers the quality and volume of information provided by the independent auditors to be satisfactory, there having been no findings of circumstances which could hamper the objectivity or adversely affect the independence of the external auditors.

Internal Audit
The Audit Committee performs a technical supervisory function relative to the activities of the Internal Audit. In 2012, the Committee approved the Annual Internal Audit Plan and periodic follow-ups of the plan execution. The internal audit reports required to be presented were submitted and discussed with the Audit Committee, which finds the internal audit work performed to have been adequate in scope, methodology and outcomes.
The Audit Committee monitors implementation of action plans adopted as a result of audit points previously identified in audited areas.
At year-end, the Committee proceeded to make a formal assessment of the internal audit work, having found significant improvements in quality.

Audit Committee Recommendations
Over the course of 2012, the Audit Committee made a number of recommendations to Management, which were promptly followed. Set forth below are some worthy of note, which are now being implemented:

- Engaging independent consultants to perform independent IT process maturity measurement;
- Implementing improvements to management and monitoring of information security processes;
- Implementing improvements to monitoring process concerning related-party transactions for disclosure in financial reports;
- Action plan for treatment of compliance risk;
- Management training program for the Internal Audit new officer and managers;
- Outlining and implementation of anti-money laundering policies at the levels required under Law No. 12.683/12, which amended the Anti-Money Laundering Law, and the new regulatory framework now under consideration by the Brazilian Securities Commission.

Conclusion
Based on the review and discussions referred to above, the Audit Committee believes the management's discussion of financial condition and results of operations, and the audited financial statements as of and for the year ended December 31, 2012, adequately state the material information collated on the basis the activities thus performed, as set out herein, and recommends their approval by the Board of Directors.

São Paulo, February 19, 2013.

Tereza Cristina Grossi Togni – Committee Coordinator
Paulo Roberto Simões da Cunha
Pedro Oliva Marcilio de Sousa
Sérgio Darcy da Silva Alves
Renato Diniz Junqueira – Representative of the Board of Directors of BM&FBOVESPA S.A.

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Global Reporting Initiative™

Statement

GRI Application Level Check

GRI hereby states that **BM&FBOVESPA** has presented its report "Annual Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level C.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 25 April 2013

C GRI REPORT GRI CHECKED

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 3 April 2013. GRI explicitly excludes the statement being applied to any later changes to such material.*

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PHOTOS
Images of Downtown of São Paulo, where BM&FBOVESPA is headquartered.
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