

BM&FBOVESPA CORPORATE GOVERNANCE GUIDELINES

Purpose of the document: This document presents the Company's corporate governance model and principal standards adopted in a condensed, plain language. It summarizes the current corporate governance model adopted by BM&FBOVESPA.

Corporate governance is the set of processes, policies and other business drivers and controls aimed to guide decisions that are in line with an organization's long-term objectives. Recommended corporate governance practices include the following:

- An active and independent board of directors;
- A compensation system that remunerates directors, officers and collaborators in line with the interests of the Company and those of shareholders;
- Internal controls that ensure processes and practices observe legal requirements and the Company's internal regulations; and,
- Transparent and systematic financial reporting practices that ensure openness towards shareholders and other stakeholders.

At BM&FBOVESPA the principal objective of corporate governance is to provide the bedrock on which we will build to achieve our strategic goals and create value for shareholders, whereas respecting stakeholders and making them proud. We regard the quality of our corporate governance as a mainstay for continuing fulfillment of our mission.

The importance of good governance standards for the long-term success of BM&FBOVESPA is all the more evident on account of widespread dispersion of ownership and absence of a controlling shareholder, as well as for its institutional responsibilities towards development of the markets it manages.

The corporate governance standards BM&FBOVESPA requires from issuers are stated in the regulation for the *Novo Mercado*, a special listing segment for companies voluntarily adhering to special corporate governance practices, in addition to those required by applicable Brazilian legislation. Direct and short-term effects of our adhering to the rules conveyed by the *Novo Mercado* Listing Regulation include enhancing the rights of shareholders and improving the quality of information customarily released by public companies, in addition to settlement of disputes by the Market Arbitration Chamber, giving investors assurance of a nimble and specialized venue in which to solve conflicts.

This document presents the guidelines that provide the framework of our corporate governance model. It permits shareholders and prospective investors to better understand our policies and processes, whereas enhancing management and employee awareness that adherence to this model is a key factor of our success. For these reasons, and because corporate governance is a dynamic concept that requires continuing improvement, this document will be revised from time to time.

This document has been structured to take the following into account:

1. Principal corporate governance standards adopted by BM&FBOVESPA.
 2. The BM&FBOVESPA corporate governance model, including governance bodies, their roles and the relationship amongst these bodies;
 3. Evaluation of performance of the Board of directors; (the Board)
 4. Policy on disclosures of material developments and securities trading;
 5. Information security policy;
 6. Policy on conflicts of interest and related party transactions;
 7. Code of conduct and whistleblower reporting channel;
 8. Dividend and distributions policy; and
 9. Improvements to corporate governance standards.
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1. Principal corporate governance standards adopted by BM&FBOVESPA

In line with best recommended international standards and the principal practices adopted across the world, BM&FBOVESPA adopts a set of corporate governance standards and practices that requires the Company and its governance members to commit fully to the interests of shareholders and investors. The table below highlights some of these standards and practices:

Corporate governance dimension	Principal standards adopted by BM&FBOVESPA
Ownership	<ul style="list-style-type: none"> ▪ Issuance of voting stock only (common shares) for assurance of the principle 'one share, one vote'; ▪ Bylaws that ensure and extend tag along rights to all shareholders; ▪ Open and transparent dividend and distributions policy, based on objective standards.
Board of Directors	<ul style="list-style-type: none"> ▪ Internal regulation clearly defining functions and activities; ▪ Compulsory appointment of two different persons to chair the Board (Chairman) and to lead the executives (CEO); ▪ Formal annual evaluations of performance of the executive officers by the Board; ▪ Formal annual Board self-evaluations; ▪ Adoption of four board advisory committees (Audit Committee, Nomination and Corporate Governance Committee, Compensation Committee and Risk Committee) whose operation and activities are defined in an internal regulation; ▪ Required majority of independent directors of well-regarded reputation and market expertise, firmly committed and dedicated to their roles as Board members;

Corporate governance dimension	Principal standards adopted by BM&FBOVESPA
	<ul style="list-style-type: none"> ▪ Audit committee comprising independent members only; ▪ Annual calendar of Board meetings and agenda plan covering matters for discussion during the year.
Transparency and Management	<ul style="list-style-type: none"> ▪ A special website section dedicated to investor relations, including communication on corporate governance standards; ▪ Formal adoption and public dissemination of corporate governance guidelines; ▪ Annual reports that include a section entirely dedicated to corporate governance developments; ▪ Public dissemination of the corporate governance model, including as to the roles and interactions amongst governance bodies; ▪ Substantial disclosure of related party transactions; ▪ Executive compensation system aligned with the long-term interests of shareholders.
Independent Auditors	<ul style="list-style-type: none"> ▪ Direct and systematic relations amongst audit committee members, the internal auditors and the independent auditors. ▪ Formal Board evaluations of performance by independent auditors.
Ethical Conduct and Conflicts of Interest	<ul style="list-style-type: none"> ▪ A code of conduct approved by the Board and disseminated amongst collaborators, to which all must adhere; ▪ Adoption of policies setting a framework for related party transactions and to tackle conflicts of interests. ▪ Adherence to the Market Arbitration Chamber for the settling of corporate disputes.

2. BM&FBOVESPA corporate governance model

Established in 2008, as a result of the integration between the Brazilian Mercantile and Futures Exchange, or BM&F, and the São Paulo Stock Exchange, or BOVESPA, our company, BM&FBOVESPA, adopts a corporate governance structure whose backbone comprises the board of directors, as advised by four committees, and the board of executive officers, in addition to the shareholders' meeting which under the law and the Bylaws is the ultimate decision-making body of the Company. The figure below sets forth our governance model:

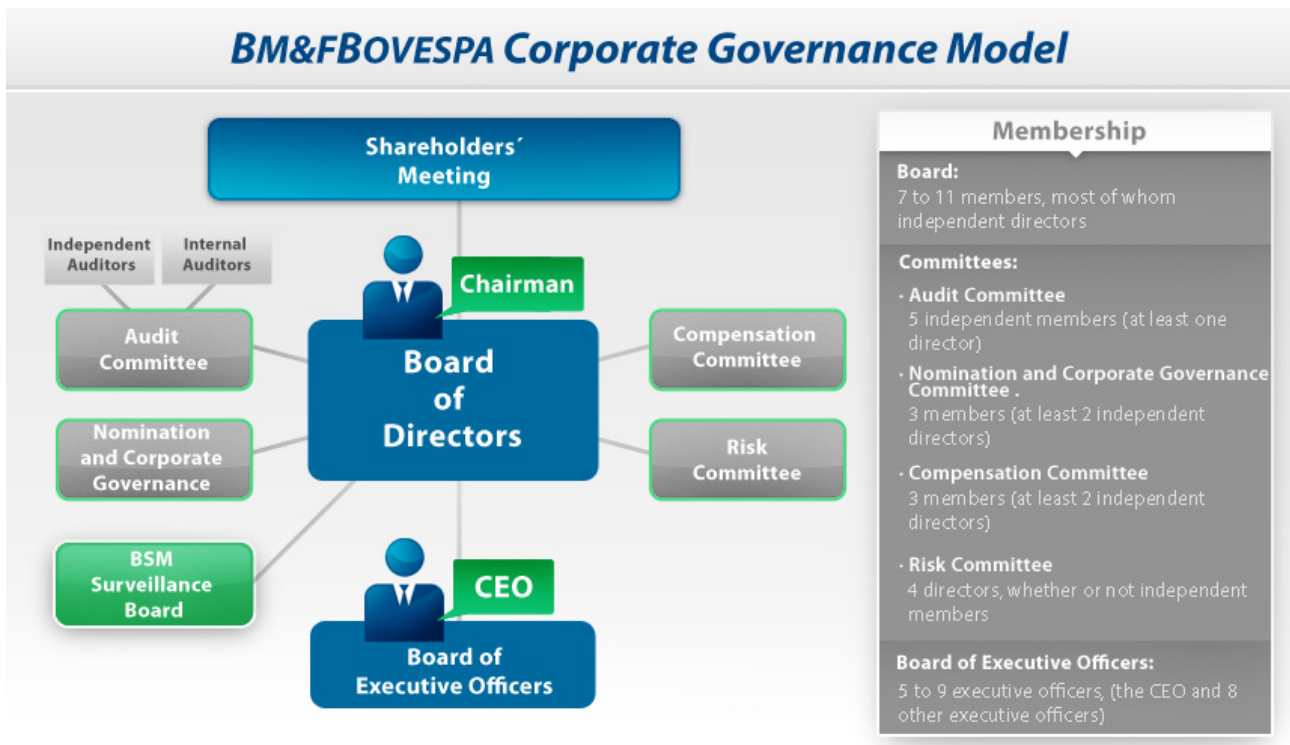


Figure 1. Corporate governance model of BM&FBOVESPA.

Ownership Structure and Meeting of Shareholders

Whilst all shares issued by BM&FBOVESPA are common shares with full voting rights, no shareholder or organized group of shareholders may exercise voting rights over shares representing more than seven percent (7%) of the total number of shares held by shareholders attending any particular meeting, which thus represents a ceiling adopted for protection of wide dispersion of ownership.

In addition, pursuant to regulatory rules adopted by the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or CVM, and according to our Bylaws, a shareholder that wishes to accumulate ownership interest representing 15% or more of the shares must first apply for consent from the CVM. Under the Bylaws of BM&FBOVESPA, if consent is ultimately granted, the interested buyer will be required to conduct a tender offer where the minimum price per share must be the fair value of the shares, as determined by an independent specialized valuation firm. In addition, to ensure shareholders are treated equitably, the tender offer must extend to all shareholders.

Board of Directors

The Board of Directors is the principal decision-making body of the administrative structure of BM&FBOVESPA, charged with establishing guidelines for the Company to conduct business and pursue its strategic goals. Moreover, the Board is responsible for approving our principal organizational plans and goals, setting specific guidelines for internal implementation, whereas monitoring our performance and that of our executives.

[Internal Regulation of the Board](#)

Currently, the Board of BM&FBOVESPA comprises eleven (11) directors, six (6) of whom are independent from management, market participants and holders of material ownership interests in our shares, which means any ownership interest in excess of five percent (5%) of the shares issued by the Company. A more detailed description of eligibility requirements applicable to independent directors is provided in the Company Bylaws and the internal regulation of the Board.

[Get to know our directors](#)

Board Advisory Committees

Three board committees have been established to advise the Board. The key functions of these committees, which essentially translate into advising the Board, serve the ultimate purpose of ensuring that business is conducted for protection and appreciation of Company assets, whereas maximizing return for shareholders in the long-term. In particular, these committees consider and review processes and policies within their areas of expertise presenting recommendations that the Board may or may not endorse. In other words, making decisions is a prerogative of the Board. The four committees currently established are:

Audit Committee

The Audit Committee comprises five (5) independent members, at least one (1) and at most two (2) of them being directors, whereas at least three (3) and at most four (4) of are well-regarded experts specializing in any of the practice areas covered by the committee.

Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee comprises three (3) members, all of them directors, at least two of whom are independent directors.

Compensation Committee

The Compensation Committee comprises three (3) members, all of them directors, at least two of whom are independent directors.

Risk Committee

The Risk Committee comprises four (4) directors, regardless of whether or not they are independent members, whose function is to monitor and assess market risks, liquidity risks, credit and systemic risks in markets managed by BM&FBOVESPA, doing so from a strategic and structural standpoint.

[Internal Regulation of the Board Advisory Committees](#)

Board of Executive Officers

The board of executive officers is responsible for our day-to-day management and for conducting ordinary business, whereas enforcing our Bylaws and ensuring the shareholders' and the directors' decisions are implemented. In addition, it prepares and

submits to the Board proposals related to key aspects of business, as contemplated in the Bylaws. The board of executive officers comprises up to nine officers, including the chief executive officer and up to eight executive officers. They hold weekly meetings and take decisions by a majority of affirmative votes cast by officers in attendance, with the chief executive officer having the casting vote. But they also consistently pursue consensus, which encourages constructive debate and strengthens teamwork, as well as collective-decision making processes. Based on guidelines provided by the law and the Bylaws, the board of executive officers performs the following functional activities:

- Proposes initiatives and policies to the Board;
- Implements the strategies set by the Board;
- Conducts business operations and day-to-day management.
- Implements and controls fulfillment of legal and regulatory requirements and duties assigned to the board of executive officers and the Company, in its capacity as manager of regulated markets and exchanges.

[Internal Regulation of the Executive Board](#)

[Get to know our executive officers](#)

Market surveillance activities: *BM&FBOVESPA Supervisão de Mercados*

BM&FBOVESPA Supervisão de Mercados, or BSM, is a not-for-profit association charged with performing market surveillance, including surveillance of activities performed by market participants on markets managed by BM&FBOVESPA. The BSM mission is to “analyze, oversee, inspect and audit compliance with legal provisions and regulatory rules issued by agencies and entities with regulatory authority over market participants.” BSM started operating on October 1, 2007.

Given the nature of its activities, BSM is a functionally autonomous, financially independent entity, which employs specialized professionals and whose senior managers are elected for predefined terms of office, but may only be removed in very particular circumstances.

The Surveillance Board is the highest level decision-making body within BSM, vested with authority to impose penalties to market participants, to issue decisions concerning participant appeals against penalties imposed by the BSM Self-Regulation Director or by BM&FBOVESPA, as well as to judge claims against the Investor Compensation Mechanism, or MRP. The Surveillance Board comprises eight (8) directors, including the Self-Regulation Director, who has no voting rights on judgments issued in administrative proceedings or indemnity claims. Five Board members are independent directors, including the Chairman, who leads the surveillance board and interacts with the CVM.

[BSM - http://www.bovespasupervisaomercado.com.br/home.asp](http://www.bovespasupervisaomercado.com.br/home.asp)

3. Evaluation of performance of the board of directors

Every year the Chairman of our board of directors, as advised by the nomination and corporate governance committee, presides over a formal and structured process of evaluation of the Board with the aim of improving efficiency and governance. This process requires Board members to make assessments in answer to specific questions that encompass the five key dimensions of effective corporate governance:

- a) Strategic focus;
- b) Knowledge and information about the business;
- c) Board independence and decision-making process;
- d) Operation of Board meetings and performance of the advisory committees;
- e) Motivation and alignment of interests.

The compiled results of these assessments are discussed at Board meetings, which then evaluate improvement proposals and plans.

The Company's annual report includes a section discussing the Board self-evaluation and the primary driving factors of annual improvement plans subsequently adopted.

4. Policy on Disclosures of Material Developments and Securities Trading

BM&FBOVESPA adopts a policy on disclosures of material developments and securities trading which regulates use and disclosures of material information within the scope of the Company, its subsidiaries and affiliates, which for their nature can be deemed to consist of Material Facts. In addition, it regulates and establishes procedures related to confidentiality of undisclosed information. Moreover, this policy sets guidelines related to trades in securities issued by the Company.

5. Information Security Policy

The information security policy represents a formal statement of the commitment undertaken by BM&FBOVESPA in its role as market manager for protection of proprietary information and of information for whose safeguard we are responsible, which in either case all collaborators of the Company are expected and required to protect as well.

6. Policy on Conflicts of Interest and Related Party Transactions

Related parties vis-à-vis BM&FBOVESPA are defined as natural or legal persons with which the Company would be in a position to transact other than on an arm's length' basis, thus potentially creating conflicts of interest. More simply stated, in our case, transactions with any of our directors or officers or with any entity related to them, including a subsidiary or company under common control, may be regarded as related party transactions.

BM&FBOVESPA adopts a policy specifically designed to ensure that corporate decisions which could potentially serve private interests are taken in a straightforward ethical manner, due regard being given to the interests of shareholders.

[Policy on Conflicts of Interest and Related Party Transactions](#)

7. Code of Conduct and whistleblower reporting channel

BM&FBOVESPA adopts a Code of Conduct for directors, officers and other collaborators of BM&FBOVESPA and its subsidiaries. The Code has been established by the Board and addresses the values that guide ethical conduct within the BM&FBOVESPA Group, in addition to providing a structured whistleblower reporting channel to ensure the flow of key information to the Code of Conduct Committee.

[Code of Conduct](#)

8. Dividend and Distributions Policy

We also adopt a Dividend and Distributions Policy which, as part of our commitment to good corporate governance standards, provides a clear framework of Board guidelines for distributions of results, thus ensuring shareholders are treated fairly, transparently and interests are aligned. The BM&FBOVESPA policy requires minimum distributions of twenty-five percent (25%) of our adjusted net income, as determined pursuant to Brazilian Corporate Law (Law No. 6,404/76) and our Bylaws. As part of this policy, the Board of Directors decides every six months on whether and how to distribute results, which may be declared in the form of dividends or interest on shareholders' equity.

9. Improving and Updating Corporate Governance Standards

It is our belief that good corporate governance standards require continuing improvement. As the guardian of our governance standards, the board of directors promotes and encourages continuing evaluations of our governance model and processes, as it believes good practices generate value for shareholders and all other stakeholders, whereas permitting us to ensure sustainability and perpetuate our market management business, which performs an undeniably pivotal role in the Brazilian public capital markets.