

(A free translation of the original in Portuguese)

**BM&FBOVESPA S.A. - Bolsa de  
Valores, Mercadorias e Futuros**  
Review Report of Independent Accountants  
on Quarterly Information  
June 30, 2008

(A free translation of the original in Portuguese)

## **Review Report of Independent Accountants**

To the Board of Directors and Shareholders  
BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros

- 1 We have reviewed the accounting information included in the Quarterly Information of BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros (individual and consolidated) for the quarter ended June 30, 2008, comprising the balance sheet, the statements of income, and of cash flows (Note 27) and of added value (Note 28) and explanatory notes. This Quarterly Information is the responsibility of the Company's management.
- 2 Our review was carried out in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the Quarterly Information and (b) a review of the significant information and of the subsequent events which have, or could have, significant effects on the financial position and operations of the Company.
- 3 Based on our review, we are not aware of any material modifications that should be made to the accounting information included in the Quarterly Information referred to above in order that such information be stated in accordance with the standards issued by the Brazilian Securities Commission (CVM) regulations applicable to the preparation of Quarterly Information, including CVM Instruction 469/08.

BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros

- 4 As mentioned in Note 2a, Law 11638 was enacted on December 28, 2007 and is effective as from January 1, 2008. This law amended, revoked and introduced new provisions to Law 6404 (Brazilian Corporation Law) and changed the accounting practices adopted in Brazil. Although this law is already effective, some of the changes introduced by it depend on regulations to be issued by the regulatory agencies for them to be implemented by the companies. Accordingly, during this phase of transition, the CVM, through its Instruction 469/08, did not require the implementation of all the provisions of Law 11638 in the preparation of Quarterly Information. As a result, the accounting information included in the Quarterly Information for the quarter ended June 30, 2008 was prepared in accordance with specific CVM instructions and does not contemplate all the changes in accounting practices introduced by Law 11638.

São Paulo, August 14, 2008

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Ricardo Baldin  
Contador CRC 1SP110374/O-0

(A free translation of the original in Portuguese)

BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros

Balance Sheets

(In thousands of Reais)

Assets	Note	JUNE 30, 2008		Liabilities and shareholders' equity	Note	JUNE 30, 2008	
		BM&FBOVESPA	CONSOLIDATED			BM&FBOVESPA	CONSOLIDATED
<b>Current assets</b>		897,021	3,093,670	<b>Current</b>		902,090	1,517,449
Cash and cash equivalents	5	1,390	12,760	Collateral for transactions	20	313,716	536,068
Financial investments	5	866,933	2,787,505	Earnings and rights on securities under custody	11	-	36,379
Taxes recoverable and prepaid		7,439	86,843	Suppliers		8,570	18,102
Deferred income tax and social contribution	24	-	6,908	Provision for taxes and contributions payable	12	8,741	23,811
Accounts receivable - net	6	10,163	175,757	Income tax and social contribution		13,842	164,630
Other credits - net	7	6,003	10,577	Salaries and social security charges		24,098	42,247
Prepaid expenses		5,093	13,320	Redemption of preferred shares to be settled	13	27,232	27,232
				Loans	14	502,732	502,732
<b>Non current</b>		19,661,126	18,176,488	Other accounts payable	15	3,159	151,381
				Unappropriated revenue		-	14,867
<b>Long term receivables</b>		44,996	306,485	<b>Non current</b>		19,656,057	19,737,791
Financial investments	5	19,827	210,604				
Other credits - net	7	658	15,167	<b>Long term liabilities</b>		30,042	111,776
Judicial deposits	16	24,232	80,435	Provision for contingencies	16	29,049	111,406
Prepaid expenses		279	279	Other accounts payable	15	993	370
<b>Permanent assets</b>		1,9616,130	17,870,003	<b>Minority interest in subsidiaries</b>		-	14,918
<b>Investments</b>	8	3,219,879	1,317,347	<b>Shareholders' equity</b>	17	19,626,015	19,626,015
Interest in subsidiaries		1,931,585	-	Capital	17a	2,537,023	2,537,023
Other investments		1,288,294	1,317,347	Capital reserve		16,350,975	16,350,975
<b>Property and equipment</b>	9	88,672	235,600	Revaluation reserves	17d	24,421	24,421
				Statutory reserves	17e	401,447	401,447
<b>Intangible</b>	10	16,303,807	16,303,807	Legal reserves		3,453	3,453
				Accumulated profits		308,696	308,696
<b>Deferred charges</b>		3,772	13,249				
				<b>Total liabilities and shareholders' equity</b>		20,558,147	21,270,158
<b>Total assets</b>		20,558,147	21,270,158				

The accompanying notes are an integral part of this Quarterly Information

## BM&amp;FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros

## Statement of Income

(In thousands of Reals)

	Nota	JUNE 30, 2008	
		BM&FBOVESPA	CONSOLIDATED
<b>Operating revenues</b>		<b>326,188</b>	<b>921,233</b>
<b>Trading and/or settlement system - BM&amp;F</b>		<b>310,665</b>	<b>316,259</b>
Derivatives		301,076	301,076
Foreign exchange		9,400	9,400
Assets		189	189
Brazilian Commodities Exchange		-	4,105
Bank		-	1,489
<b>Trading and/or settlement system - Bovespa</b>		<b>-</b>	<b>579,856</b>
Negotiation - trading fees		-	352,804
Transactions - offset and settlement		-	147,009
Loans of marketable securities		-	29,747
Listing of marketable securities		-	14,280
Depository, custody and back-office		-	29,338
Access of negotiation participants		-	6,678
<b>Other operating revenues</b>		<b>15,523</b>	<b>25,118</b>
Vendors - quotation and market information		11,190	20,649
Commodity classification fee		378	378
Other		3,955	4,091
<b>Deductions of revenue</b>		<b>(34,701)</b>	<b>(94,334)</b>
Transfer of fees - Bovespa		(2,179)	-
Pis and Cofins		(29,904)	(84,948)
Taxes on services		(2,618)	(9,386)
<b>Net operating revenue</b>		<b>291,487</b>	<b>826,899</b>
<b>Operating expenses</b>		<b>(175,387)</b>	<b>(369,655)</b>
Administrative and general expenses			
Personnel		(54,250)	(114,681)
Data processing		(34,343)	(77,185)
Depreciation and amortization		(6,321)	(15,700)
Outsourced services		(15,994)	(22,235)
Maintenance in general		(3,896)	(6,513)
Communications		(1,658)	(9,208)
Leases		(1,431)	(2,068)
Supplies		(1,026)	(1,716)
Promotion and publicity		(12,607)	(18,924)
Taxes		(137)	(3,198)
Board and committee members' compensation		(3,211)	96,096
BOVESPA merger expenses		(34,250)	969,007
Other	25	(6,263)	(23,124)
<b>Operating result</b>		<b>116,100</b>	<b>457,244</b>
<b>Equity in income of subsidiaries</b>	8	<b>288,432</b>	-
<b>Amortization of goodwill</b>	10	<b>(81,105)</b>	<b>(81,105)</b>
<b>Financial income</b>		<b>66,149</b>	<b>155,036</b>
Financial income		73,847	175,332
Financial expenses		(7,698)	(20,296)
<b>Non operating income</b>	26	<b>4,150</b>	<b>10,842</b>
<b>Income before taxation on profit</b>		<b>393,726</b>	<b>542,017</b>
<b>Income and social contribution taxes</b>	24(c)	<b>(64,490)</b>	<b>(212,174)</b>
Provision for income tax		(47,377)	(155,901)
Provision for social contribution		(17,113)	(56,273)
<b>Minority interest</b>		-	(607)
<b>Net income for the period</b>		<b>329,236</b>	<b>329,236</b>
<b>Number of shares</b>	17(a)	2,040,797,995	
Net income per share (R\$)		0.16132684	

The accompanying notes are an integral part of this Quarterly Information.

(A free translation of the original in Portuguese)

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

## **1 Operations**

The Company was incorporated at December 14, 2007 with the name of T.U.T.S.P.E. Empreendimentos e Participações S.A. and the objective of participating in other companies, as partner, shareholder or quotaholder, in the country or abroad (“holding”).

At April 8, 2008, through the Extraordinary General Meeting (“AGE”), the shareholders decided, among other subjects, to:

- i. Change the name to Nova Bolsa S.A. (Nova Bolsa);
- ii. Change the Company headquarter’s to Praça Antonio Prado, 48, centro, São Paulo;
- iii. Reverse split the capital, in the proportion of 125 existing shares to 1 (one) share of the capital after the reverse split, without changing the capital amount, such that the capital comprised by 4 nominative common shares, with no par value.

The Extraordinary General Meetings (AGEs) held on May 8, 2008, approved the merger of Bolsa de Mercadorias & Futuros-BM&F S.A. (BM&F S.A.) and of the Bovespa Holding S.A. (Bovespa Holding) shares, resulting in the corporate restructuring with the objective of integrating the activities of BM&F S.A. and Bovespa Holding. One of the AGEs approved the merger into Nova Bolsa of all assets, liabilities, rights and responsibilities of BM&F S.A., assessed at their respective book values, in the net amount of R\$ 2,615,517. At the same date, Bovespa Holding’s shares, at market value, were merged into Nova Bolsa, in the amount of R\$ 17,942,090, with Bovespa Holding becoming the wholly owned subsidiary of Nova Bolsa. The merger of BM&F S.A. into Nova Bolsa resulted in the extinction of BM&F S.A., which has been succeeded by Nova Bolsa in its assets, rights and obligations for all legal purposes.

BM&F S.A. shareholders received 1 (one) common share of Nova Bolsa for each common share held by BM&F S.A. Bovespa Holding shareholders received 1.42485643 common share from Nova Bolsa for each common share of Bovespa Holding held, and preferred redeemable shares have also been attributed, in the proportion of 1 preferred share for each 10 shares held in Bovespa Holding. These shares were redeemed at the same Extraordinary General Meeting, generating the obligation of Nova Bolsa to pay the overall amount of R\$ 1,240,000 to the shareholders of Bovespa Holding, up to June 13, 2008 (Note 13).

With the merger of BM&F S.A., Nova Bolsa’s capital was increased by R\$ 1,010,785 with the issue of 1,010,785,800 common shares. Further, due to the merger of Bovespa Holding shares, the capital of Nova Bolsa was increased by the amount of R\$ 1,526,237 with the issue of 1,030,012,191 common shares, with subscribed and paid-up capital becoming R\$ 2,537,023, comprising 2,040,797,995 common shares, with no par value.

## BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

### Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

One of the AGEs held on May 8, 2008, also approved the change of the name Nova Bolsa S.A. to BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros (BM&FBOVESPA).

BM&FBOVESPA, as from the merger, has the objective of performing or participating in companies that perform the following activities:

- Management of organized markets of marketable securities, looking after the organization, performance and development of free and open markets for the negotiation of any type of securities or contracts that have as reference or objective financial assets, indices, fees, goods, currencies, energy, transports, commodities and other assets or rights, direct or indirectly related to such assets, in the modalities at demand or for future settlement;
- Maintenance of proper environments or systems for the realization of purchases, sales, auctions and special operations involving marketable securities, securities, rights and assets, in the stock exchange market and in the organized over-the-counter market;
- Rendering services of registration, offset and settlement, both physical and financial, through internal agency or company especially incorporated for this purpose, assuming or not the position of central counterparty and guarantor of the definite settlement, under the terms of the effective legislation and its own regulations;
- Rendering services of central depository and fungible and infungible custody of goods, marketable securities and any other physical and financial assets;
- Rendering services of standardization, classification, analysis, quotations, statistics, professional background, realization of studies, publications, information, library and software on subjects of interest of the Company and the participants of markets directly or indirectly managed by it;
- Rendering technical, administrative and managerial support for the development of the market, as well as performance of educational, promotional and editorial activities related to its objective and to the markets managed by it;
- Performance of other related activities expressly authorized by the Securities Commission (CVM); and
- Participation in the capital of other companies or association, headquartered in the country or abroad, either as partner, shareholder or associated pursuant to the effective regulation.

BM&FBOVESPA organizes, develops and provides for the operation of free and open markets, for spot and future delivery, based on financial assets, indices, rates, agricultural commodities and foreign currencies. Its activities are organized through its Clearinghouses and include

## BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

### Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

derivatives, interbank foreign exchange and securities under custody in the Special System for Settlement and Custody (SELIC) markets.

Through its subsidiary Brazilian Commodities Exchange, its business includes the registration and settlement of spot, forward and options transactions involving commodities, assets and services for physical delivery, as well as of the securities representing these products, in the primary and secondary markets.

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

BM&F USA Inc., a wholly-owned subsidiary located in the city of New York (USA), also with a representative office in Shanghai (China), represents BM&FBOVESPA abroad through relationships with other exchanges and regulatory agents, and assists in the procurement of new clients.

Bovespa Holding's main objective is the participation in companies operating in trading, settlement, custody and trading supervision activities, or other services related to securities, instruments, assets, contracts and rights traded in the financial and capital markets, through its majority interest in the voting capital of its subsidiaries, Bolsa de Valores de São Paulo (BVSP) and Companhia Brasileira de Liquidação e Custódia (CBLC).

BVSP's main objective is to maintain proper infrastructure for the operations of purchase and sale of marketable securities, providing its establishment with material, administrative and technical means necessary for the performance of trades, in a free and open market, specially organized and inspected.

CBLC's main objectives are to register, control, offset and guarantee, through offset agents, the spot, forward, and options transactions and the like with variable income securities and fixed income securities from private issuers in BVSP and from other markets and exchanges, as well as rendering depositary services of marketable securities.

BM&FBOVESPA maintains a Guarantee Fund in the amount of R\$ 92,342 with the exclusive purpose of assuring its clients that hold trading and settlement rights the reimbursement of certain losses provided for in the regulations.

The subsidiaries Bolsa Brasileira de Mercadorias and Bolsa de Valores do Rio de Janeiro (BVRJ) also maintain Guarantee Funds, specific purpose entities without a legal status. The maximum liability of these Guarantee Funds is limited to the sum of their net assets. BVSP also maintains a Mechanism for Reimbursement of Losses whose purpose is to assure the brokerage firms' clients



# BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

## Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

that trade in BVSP, reimbursement of loss in the occurrence of events determined in the regulation.

## **2 Preparation and presentation of the quarterly information**

The quarterly information was approved by BM&FBOVESPA Management on August 13, 2008.

In the preparation of BM&FBOVESPA's financial statements, the standards and instructions of the Brazilian Securities Commission (CVM) and of the Brazilian Central Bank (Bacen) have been observed.

As further discussed in Note 1, BM&FBOVESPA is a new company resulting from the merger of BM&F S.A. and Bovespa Holding occurred on May 8, 2008. Therefore, the Quarterly Information is presented with no comparative information, on an individual and consolidated basis. In addition, as further discussed in Note 3, the equity variation from December 31, 2007 and the date of the merger (May 8, 2008) was absorbed by BM&FBOVESPA due to the recording of equity in the results. As a result, the results of operations for the quarter includes the results of operations of BM&FBOVESPA for the period from May 9 through June 30, 2008 and the consolidated results of operations of BM&F S.A. and Bovespa Holding for the period from January 1 through May 8, 2008.

The quarterly information includes estimates based on objective and subjective factors pursuant to management judgment to determine the proper value to be recorded in the financial statements. Significant items subject to these estimates and assumptions include the fair value of certain financial instruments, provisions for contingencies, other provisions and determination of the useful life of certain assets, including goodwill from the purchase of investments and the respective amortization criteria. The settlement of the transactions involving these estimates may result in different amounts, due to inaccuracies inherent to the process for their determination. BM&FBOVESPA and the consolidated entities review these estimates and assumptions at least upon the preparation of the quarterly information.

### **a. Law 11,638/07**

Law 11638/07 was enacted on December 28, 2007, amending Brazilian Corporation Law in relation to the accounting practices adopted in Brazil, as from the fiscal year ending December 31, 2008.

On May 2, 2008, CVM issued Instruction 469 that did not required the adoption of all the provisions of Law 11,638/07 in the preparation of the Quarterly Information (ITR) and introduced some requirements in articles 3 to 15, that were applicable to a 2008 ITR.

## BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

### Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

As a result, the main changes and their impacts on the quarterly information of BM&FBOVESPA on June 30, 2008 were:

(i) Present value adjustment - There were no long term or short term financial assets or liabilities of which the adjustments to present value could cause significant impacts.

(ii) Share based remuneration - The main characteristics and information have already been disclosed by the Company and are presented in Note 21.

(iii) Merger, acquisition, or spin-off performed between independent parties and linked to the effective transfer of control - The market value of all the assets and liabilities, including contingent, identifiable and measurable liabilities, should be determined. The merger of Bovespa Holding shares was carried out and recorded at market value, and the purchase price allocation will be concluded and recorded up to the end of 2008 in accordance with the provisions of the CVM Instruction 469.

(iii) Statement of Cash Flows and Statement of Added Value (DVA) - The Statement of Cash Flows is being presented as a replacement for the Statement of Changes in Financial Position (DOAR). In addition the DVA is being presented.

Further, the other changes that may impact on the financial statements for the year are:

(i) Criteria for measuring financial instruments - A significant portion of the Company's and subsidiaries' investment securities are investment funds (including exclusive investment funds), which are measured at their market values, as required by the regulations applicable to investment funds. As a result, the Company does not expect significant impacts resulting from the adoption of the valuation of investment securities at market value.

(ii) Accounting for financial leases - The Company has financial lease contracts, mainly related to information technology equipment. The expenses for these financial lease contracts amounted to R\$ 7,171 during the period. The recognition of the assets and liabilities associated with the financial lease contracts and the corresponding depreciation of these assets shall not result in significant impacts.

(iv) Revaluation reserves - the new law provided an option to the companies of maintaining the existing balances of the revaluation reserve and amortizing these balances within the current regulations, or reversing these balances up to the end of 2008. BM&FBOVESPA's management opted to maintain the existing balances and amortize these balances within the current regulations. See note 17 (d).

## BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

### Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

Based on the current orientations from the CVM, Management considers that there are no significant impacts in the quarterly information for the period. However, management will continue to monitor the rules that are being issued by the regulatory agencies in order to measure with reasonable assurance the effects of the full adoption of Law 11,638/07.

#### **b. Principles for the consolidation of the financial statements**

The consolidated quarterly information includes the balances of BM&FBOVESPA, its subsidiaries and associated companies, in accordance with the provisions of CVM Resolution 247/1996, and its special purpose entities (CVM Resolution 408/2004), as shown below.

	<b>Holding %</b>
Entities and subsidiaries	
Bovespa Holding S.A.(Parent company of BVSP and CBLC)	100.00
Banco BM&F de Liquidação e Custódia S.A.	100.00
Bolsa Brasileira de Mercadorias	50.12
Bolsa de Valores do Rio de Janeiro (BVRJ)	86.09
BM&F USA Inc.	100.00

Consolidation is also performed of the special purpose entities and exclusive investment funds, which are:

#### **Exclusive investment funds**

Supremo Renda Fixa - Fundo de Investimento em Cotas de Fundos de Investimento

#### **Specific purpose entities**

Fundo de Garantia da Bolsa Brasileira de Mercadorias

Fundo de Garantia da BVRJ

To prepare the consolidated quarterly information, the balances of assets and liabilities of the subsidiaries, special purpose entities and exclusive investment funds were combined. The value of exclusive investments in investment funds, the corresponding portion of the respective shareholders' equity, the balances of assets and liabilities resulting from transactions carried out between the consolidated subsidiaries and associated companies were eliminated, and minority interest in the shareholders' equity was disclosed.

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

at June 30, 2008

(All amounts in thousands of reais unless otherwise indicated)

### 3 Merged amounts

The BM&F S.A amounts merged into BM&FBOVESPA are stated below:

<b>Current assets and long-term receivables</b>	<u>1,673,709</u>	<b>Current and long term liabilities</b>	<u>513,185</u>
Cash and banks	49,253	Collateral for transactions	404,711
Financial investments	1,577,051	Suppliers	10,989
Accounts receivable	13,375	Provision for taxes and contributions payable	39,691
Other credits	5,174	Salaries and social security charges	12,599
Prepaid expenses	5,795	Other accounts payable	17,890
Judicial deposits	23,061	Provision for contingencies	27,305
<b>Permanent assets</b>	<u>1,454,993</u>	<b>Shareholders' equity</b>	<u>2,615,517</u>
<b>Investments</b>	<u>1,373,706</u>	Capital	1,010,785
Interests in subsidiaries	1,361,611	Capital reserve	1,175,121
Other investments	12,095	Revaluation reserve	24,711
<b>Fixed assets</b>	<u>81,287</u>	Revenues reserve	3,453
Properties in use	100,951	Statutory reserves	401,447
Equipment and facilities	99,999		
Other	25,923		
(Accumulated depreciation)	<u>(145,586)</u>		
<b>Total assets</b>	<u><u>3,128,702</u></u>	<b>Total liabilities</b>	<u><u>3,128,702</u></u>

The amounts above correspond to the accounting balances of BM&F S.A. at December 31, 2007, adjusted by the effects arising from the AGE of February 26, 2008 that approved the merger of CMEG 2 Brazil Participações Ltda. with the consequent capital increase of BM&F S.A. in the amount of R\$ 101,078 and the constitution of the capital reserve in the amount of R\$ 1,175,121.

As established in the Protocol and Justification of Merger, the equity variations between the base date of December 31, 2007 and the date of the merger (May 8, 2008) of BM&F S.A., in the amount of R\$ 79,643, were appropriated and recorded in the books of BM&FBOVESPA.

In addition, 722,888,403 common shares of Bovespa Holding were merged into the company at the market value of R\$ 17,942,091. As established in the Protocol and Justification of the Merger, the equity variations of Bovespa Holding from the base date of December 31, 2007 to the date in which the merger of shares was effective (May 8, 2008), in the amount of R\$ 182,748 were

## BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

### Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

absorbed by BM&FBOVESPA, upon the effective merger of shares due to the recording of equity in the results (Note 8(a)).

#### **4 Significant accounting practices**

##### ***a. Determination of net income***

Income and expenses are recognized on an accrual basis.

##### ***b. Financial investments***

Recorded at cost plus income accrued up to the balance sheet date and adjusted to market value, when applicable. Financial investments in investment funds are valued using the price per quota on the balance sheet date, as informed by the relevant fund managers.

The investments and securities are classified in financial investments, current and long-term, in accordance with their related maturities, except for the marketable securities integrating the exclusive investment funds portfolio.

The marketable securities integrating the exclusive investment funds portfolio were classified in current assets, independently from their maturity, due to their classification as assets for trading in the consolidated exclusive investment funds' portfolio.

##### ***c. Accounts receivable, other credits and allowance for doubtful accounts***

Accounts receivable and other credits are recorded at their nominal value, including monetary correction when applicable.

The allowance for doubtful accounts is set up based on losses evaluated as probable, the amount of which is considered sufficient to cover possible losses on realization.

##### ***d. Prepaid expenses***

Prepaid expenses recognize amounts related to software licenses and maintenance. These expenses are amortized according to the duration of the contract in force.

##### ***e. Investments***

Investments in subsidiaries and associated companies are recognized using the equity method of accounting. The shareholders' equity of the BVRJ and Bolsa Brasileira de Mercadorias utilized in the calculation of equity pickup include, when applicable, the Guarantee Funds of the respective

## BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

### Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

subsidiaries, considering their characteristics as set forth in their corresponding Bylaws, and the shareholders' equity of the subsidiary located abroad (BM&F USA Inc.) after adjustment to accounting practices adopted by BM&FBOVESPA.

Other investments are recorded at cost of acquisition or merger plus revaluation minus allowance for loss, to adjust them to the realization value when the loss is considered permanent.

#### ***f. Intangible assets***

An intangible asset is a nonmonetary asset identifiable without physical substance, such as goodwill.

In accordance with the provisions of CVM Instruction 247, the goodwill represents the excess of purchase price over the book value of a company acquired through a business combination.

The goodwill on acquisition of a company that is based on the expectation of future earnings is amortized over a period that is calculated based on future earnings projections and limited to 10 years.

In accordance with the provisions of CVM Instruction 247, the final allocation of goodwill will be determined and recorded by the end of 2008, once the fair values of all assets and liabilities are established.

#### ***g. Property and equipment***

Recorded at cost of acquisition or construction. Depreciation is calculated on the straight-line method and takes into consideration the estimated useful lives of the assets, and the following rates per annum:

- Buildings/revaluation 4%
- Furniture and fixtures 10%
- Equipment for use 10%
- Data processing and transportation system 20%
- Other 10% to 20%

Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

***h. Contingent assets and liabilities and legal obligations***

The recognition, measurement and disclosure of contingent assets and liabilities and legal obligations are performed in accordance with the criteria defined in CVM Resolution 489/2005.

- **Contingent assets** - These are not recorded except when management has full control over their realization or when there are secured guarantees or favorable decisions to which no further appeals are applicable, such that the gain is practically certain. Contingent assets, the realization of which is considered probable, are only disclosed in the quarterly information.
- **Contingent liabilities** - These are recognized based on a number of factors including: the opinion of legal counsel; the nature of lawsuits; similarity with precedents; the complexity of proceedings; and the prior decisions of courts. They are recognized whenever the loss is evaluated as probable, as it would give rise to a probable outflow of resources for the settlement of obligations, and the sums involved are measurable with sufficient assurance. The contingent liabilities classified as possible losses are not recorded, and are only disclosed in the notes to the financial statements, and those classified as remote are neither recognized nor disclosed.
- **Legal obligations** - Obligations that result from a contract by means of explicit or implicit terms, or from the law or another legal instrument, are required under BM&FBOVESPA accounting rules to be recognized, when applicable.

***i. Other assets and liabilities***

Stated at the known and realizable amounts plus, when applicable, the corresponding charges, monetary and/or exchange rate variations incurred up to the balance sheet date.

***j. Loans***

Loans reflect principal plus interest as defined on contractual basis. Interest is accrued monthly and recorded as financial expenses.

***k. Current and noncurrent assets and liabilities***

The segregation between current and noncurrent assets/liabilities is based upon the period of 365 days as of the balance sheet date of the financial statements.

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

***l. Operations indexed to and in foreign currency***

Monetary assets and liabilities denominated in foreign currencies were translated into Reais at the foreign exchange rate prevailing at June 30, 2008.

***m. Taxes and contributions***

BM&FBOVESPA is a for-profit business corporation and therefore has its income subject to certain taxes and other contributions, which are listed below.

Provisions for income tax, social contribution and other taxes are calculated at the rates presented below:

• Income tax	15%
• Additional income tax	10%
• CSLL (social contribution on net income)	9%
• PIS (social integration program)	1.65%
• COFINS (social contribution on revenues)	7.6%

The subsidiary BM&F Settlement Bank calculates contributions to PIS and to COFINS at the rates of 0.65% and 4%, respectively, and CSLL at 15% as from May 1, 2008.

The deferred tax assets were recognized at the rates effective for income tax and social contribution on temporary differences, as their realization is probable.

The subsidiary companies Bolsa Brasileira de Mercadorias e BVRJ are not-for-profit entities.

***n. Net income per share***

Net income per share is determined based on the number of outstanding shares at the date of the quarterly information.



BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

at June 30, 2008

(All amounts in thousands of reais unless otherwise indicated)

5 Cash and cash equivalents and financial investments

The breakdown of cash and cash equivalents and financial investments by nature and time to maturity is as follows. It should be pointed out that the marketable securities integrating the exclusive investment funds portfolio were classified in current assets, independently from their maturity, due to their classification as assets for trading in the consolidated exclusive investment funds' portfolios.

BM&FBOVESPA						
Description	Without maturity	Up to 3 months	Over 3 months up to 12 months	Over 12 months up to 5 years	Total	
					Over 5 years	6/30/2008
<b>Cash and cash equivalents</b>						
Banks - deposits in domestic currency	1,063	-	-	-	-	50,240
Banks - deposits in foreign currency	347	-	-	-	-	347
<b>Total cash and cash equivalents</b>	<b>50,587</b>	-	-	-	-	<b>50,587</b>
<b>Financial investments - short term</b>						
Financial investment funds (1)	436,534	-	-	-	-	436,534
Interest bearing account (deposits abroad)	65,837	-	-	-	-	65,837
Bank certificates of deposit	27,778	-	-	-	-	27,778
Securities purchased under resell agreement	-	258,194	-	-	-	169,008
Financial Treasury Bills	-	20,152	560	-	-	20,712
Financial Treasury Bills - linked(2)	-	-	54,066	-	-	54,066
National Treasury Bills	-	20	18	-	-	38
National Treasury Notes	-	36	35	-	-	71
Investments in gold	3,580	-	-	-	-	3,580
Shares	123	-	-	-	-	123
<b>Total financial investments - short term</b>	<b>533,852</b>	<b>278,402</b>	<b>54,679</b>	-	-	<b>866,933</b>
<b>Financial investments - long term</b>						
Financial Treasury Bills	-	-	-	490	-	490
Financial Treasury Bills - linked(2)	-	-	-	19,079	-	19,079
National Treasury Bills	-	-	-	35	-	35
National Treasury Notes	-	-	-	191	32	223
<b>Total financial investments - long term</b>	-	-	-	<b>19,795</b>	<b>32</b>	<b>19,827</b>
<b>Grand total at June 30, 2008</b>	<b>535,242</b>	<b>278,402</b>	<b>54,679</b>	<b>19,795</b>	<b>32</b>	<b>888,150</b>

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

at June 30, 2008

(All amounts in thousands of reais unless otherwise indicated)

CONSOLIDATED						
Description	Without maturity	Up to 3 months	Over		Over 5 years	Total
			3 months up to 12 months	12 months up to 5 years		6/30/2008
<b>Cash and cash equivalents</b>						
Banks - deposits in domestic currency	11,911	-	-	-	-	11,911
Banks - deposits in foreign currency	849	-	-	-	-	849
<b>Total cash and cash equivalents</b>	<b>12,760</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,760</b>
<b>Financial investments- short term</b>						
Banks saving accounts in local currency	58,197	-	-	-	-	58,197
Financial investment funds (1)	1,727,810	-	-	-	-	1,727,810
Interest bearing account (deposits abroad)	78,193	-	-	-	-	78,193
Bank certificates of deposit	27,778	-	-	-	-	27,778
Securities purchased under resell agreement	-	536,021	-	-	-	536,021
Financial Treasury Bills	-	31,122	91,424	-	-	122,546
Financial Treasury Bills - linked(2)	-	-	54,066	-	-	54,066
National Treasury Bills	-	2,976	76,553	-	-	79,529
National Treasury Bills - linked(3)	-	27,844	-	-	-	27,844
National Treasury Notes	-	36	35	-	-	71
Investments in gold	3,579	-	-	-	-	3,579
Debentures	-	-	-	9,289	-	9,289
Shares (4)	62,582	-	-	-	-	62,582
<b>Total financial investments - short term</b>	<b>1,958,139</b>	<b>597,999</b>	<b>222,078</b>	<b>9,289</b>	<b>-</b>	<b>2,787,505</b>
<b>Financial investments - long term</b>						
Financial Treasury Bills	-	-	-	142,284	35,256	177,540
Financial Treasury Bills - linked(2)	-	-	-	19,079	-	19,079
National Treasury Bills	-	-	-	13,762	-	13,762
National Treasury Notes	-	-	-	191	32	223
<b>Total financial investments - long term</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>175,316</b>	<b>35,288</b>	<b>210,604</b>
<b>Grand total at June 30, 2008</b>	<b>1,970,899</b>	<b>597,999</b>	<b>222,078</b>	<b>184,605</b>	<b>35,288</b>	<b>3,010,869</b>

(1) Refers to investments in quotas of funds and financial investment funds, the portfolio's of which were basically composed of floating rate government bonds and other financial assets. In consolidated, refer to investments in quotas of funds and of financial investment funds, the portfolio's of which were basically composed of government bonds , securities purchased under resell agreement, bank deposit certificates and debentures.

(2) Federal government bonds segregated with the objective of complying with article 5 of Law 10214, of March 27, 2001.

(3) Federal government bonds linked to the Special Equity of CBLC to comply with the provisions of BACEN Circular 3057 of August 31, 2001, which can only be used to cover losses arising from default and/or to provide liquidity to cover the mismatch of possible faults in the process of settlement of the transactions.

(4) Of the total R\$ 62,582 of the equity portfolio, R\$ 62,397 are tied to a lawsuit against the Guarantee Fund of the BVRJ.

## BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

### Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

In addition, the balance of financial investments in the consolidated balance sheets includes investments in the amount of R\$ 150,131 that are tied to the Settlement Fund of CBLC, the use of which is restricted to cover possible losses arising from default and/or to provide liquidity to cover the mismatch of possible faults in the process of settlement of the transactions (Note 20).

The government bonds are held in custody with the Special System for Settlement and Custody (SELIC), the quotas of investment funds are held in custody with their respective managers and the shares are under the custody of Companhia Brasileira de Liquidação e Custódia (Brazilian Clearing and Depository Corporation, or CBLC).

The market value of financial investments in investments funds is determined based on the prices of the assets disclosed by external sources, such as Associação Nacional das Instituições do Mercado Financeiro (National Association of Open Market Institutions, or ANDIMA), stock exchanges and broker-dealers.

#### Derivative financial instruments

The derivative financial instruments refer to One-Day Interbank Deposit Futures Contracts (DI1) and are stated at their market values. These contracts are included in the exclusive fund portfolios which were consolidated.

The derivative financial instruments included in the exclusive fund portfolios are used to meet the investment policy requirements established by the regulations of each fund. Transactions with derivatives involve risks and may not yield the results expected, generating significant fluctuations in the fund's position and possible losses for the quotaholders. The administrator of the fund uses techniques and procedures to control the related risks, ensuring that they are properly monitored and mitigated accordingly.

The notional amount of the future contracts totals R\$ 93,152 in the consolidated balance sheet at June 30, 2008.

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

at June 30, 2008

(All amounts in thousands of reais unless otherwise indicated)

**6 Accounts receivable**

The breakdown of accounts receivable is as follows:

	<b>June 30, 2008</b>	
	<b>BM&amp;FBOVESPA</b>	<b>Consolidated</b>
<b>Current</b>		
Classification fee receivable	70	70
Vendors - Signal broadcast	2,574	3,968
Fees receivable	2,333	162,736
Receivables from employees and managers (1)	3,976	3,976
Loans to employees	357	357
Securities listing fees receivable	-	4,995
Other accounts receivable	853	2,078
Allowance for doubtful accounts	-	-2,423
Total	<u>10,163</u>	<u>175,757</u>

(1) Amount receivable related to the exercise of the *stock option plan* (Note 21).

**7 Other credits**

Other credits by type are comprised of the following items:

	<b>June 30, 2008</b>	
	<b>BM&amp;FBOVESPA</b>	<b>Consolidated</b>
<b>Current</b>		
Sale of properties receivable	-	1,468
Advances to employees	266	583
Storeroom	860	860
Foreign exchange transactions (Banco BM&F S.A.)	-	710
Dividends receivable	1,524	1,524
Association BM&F	3,197	3,197
Other accounts receivable	156	2,235
Total	<u>6,003</u>	<u>10,577</u>

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

	<b>June 30, 2008</b>	
	<b>BM&amp;FBOVESPA</b>	<b>Consolidated</b>
<b>Long-term</b>		
Brokers in liquidation (4)	-	10,425
Assets for sale (2)	-	1,018
Sale of properties receivable (1)	-	4,405
Dividends receivable (3)	-	5,086
Other	658	658
Allowance for doubtful accounts - Other credits (total) (4)	-	(6,425)
<b>Total</b>	<b>658</b>	<b>15,167</b>

- (1) Represented by amounts receivable from the sale of properties for sale, the amounts of which are being received in monthly or annual installments, with final maturity in 2011.
- (2) Refers mainly to properties acquired from other stock exchanges, on account of the Brazilian stock exchange integration process in periods prior to 2004.
- (3) Amount tied to a lawsuit
- (4) Allowance for doubtful accounts formed mainly on the balance of accounts receivable from brokers under liquidation, which takes into consideration the equity memberships of the counterparty.

# BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

## Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

### 8 Investments

#### a. Investments in subsidiaries and other investments

Investments in subsidiaries and other investments comprise the following:

BM&FBOVESPA							
							30/06/08
Capital	Adjusted shareholders' equity	Total amount of shares	Total number of equity memberships	Share ownership %	Net income	Equity in income of subsidiaries and associated companies	BM&F S.A investment.
<b>Companies</b>							
<b>Subsidiaries</b>							
Bovespa Holding S.A.	1,489,917	1,843,322	722,888,403	100	286,143	286,143	1,843,322
Banco BM&F de Liquidação e Custódia S.A.	24,000	31,763	24,000	100	2,006	2,036	31,763
Bolsa Brasileira de Mercadorias (1)	9,009	14,276		405	50.12	1,138	571
Bolsa de Valores do Rio de Janeiro (BVRJ) (1) (2)	35,585	56,054		115	86.09	282	532
BM&F USA Inc.	24,732	1,089	1,000	100	(685)	(850)	1,089
<b>Subtotal</b>						288,432	1,931,585
<b>Other investments</b>							
CME Group (5)							1,276,199
Works of art							3,635
Works of art - Revaluation (3)							8,308
Other							152
<b>Subtotal</b>							1,288,294
<b>Grand total</b>						288,432	19,604,791
<b>Other investments - Consolidated</b>							
CME Group (5)							1,276,199
Bovespa Market supervision							20,000
Works of art							8,731
Works of art - Revaluation (3)							8,308
Properties							3,897
Other							212
<b>Total other investments - Consolidated</b>							1,317,347

## BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

### Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

- (1) The adjusted shareholders' equity of the subsidiaries BVRJ and Bolsa Brasileira de Mercadorias includes their respective Guarantee Funds.
- (2) The balances consider the revaluation of properties of BVRJ which produced an impact on revaluation reserve in the shareholders' equity of BM&FBOVESPA. On June 30, the balance of this reserve amounts to R\$ 18,716 in BVRJ and R\$ 16,113 in BM&FBOVESPA.
- (3) The merged balances of BM&F include revaluation of works of art, recorded on August 31, 2007, based on an appraisal report from expert appraisers, which forms part of the revaluation reserve in the shareholders' equity at BM&FBOVESPA in the amount of R\$ 8,308.
- (4) Includes the impacts of foreign exchange variation on the permanent investment, in the amount of R\$ 154.
- (5) Represented by shares of CME Group arising from the merger of CMEG 2, evaluated based on their cost, due to the interest of 2.18% in the investee.

The subsidiaries identified above were included in the consolidated financial statements, and the investment amount was eliminated against the related equity amounts.

#### **b. Special purpose entities**

##### *Guarantee funds*

These entities aim to guarantee 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. Management considers that certain indicators of control over these special-purpose entities are present, as described in CVM Instruction 208/04, and therefore has consolidated these entities in the Quarterly Information.

Below is a summary of the main accounting balances of these entities at June 30, 2008:

<b>Description</b>	<b>Guarantee Fund of Brazilian Commodities Exchange</b>	<b>Guarantee Fund of Rio de Janeiro Stock Exchange</b>
<b>Assets</b>		
Cash and cash equivalents (1)	648	64,448
Other credits (1)	-	5,086
	<hr/>	<hr/>
Total assets	648	69,534
	<hr/>	<hr/>

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

at June 30, 2008

(All amounts in thousands of reais unless otherwise indicated)

Description	Guarantee Fund of Brazilian Commodities Exchange	Guarantee Fund of Rio de Janeiro Stock Exchange
<b>Liabilities</b>		
Other accounts payable		851
Provision for contingencies		68,343
Provision for taxes and contributions payable	1	38
Net equity	<u>647</u>	<u>302</u>
Total liabilities	<u>648</u>	<u>69,534</u>

- (1) In the cash and cash equivalents of the Guarantee Fund of the Rio de Janeiro Stock Exchange, a total of R\$ 60,769 is linked to a lawsuit, as well as of the other credits

*Investment funds*

The balances related to the exclusive investment funds included in the consolidation process of these financial statements, under the terms of CVM Resolution 408, are summarized as follows:

Description	Supremo Renda Fixa - FICFI
<b>Assets</b>	
Cash and cash equivalents and financial investments	477,910
Other credits	<u>4</u>
Total assets	<u>477,914</u>
<b>Liabilities and Equity</b>	
Other accounts payable	120
Shareholders' equity	<u>477,794</u>
Total liabilities and equity	<u>477,914</u>



BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

**9 Property and equipment**

On June 30, 2008 the breakdown of property and equipment was as follows:

Description	Annual depreciation rate	BM&FBOVESPA		
		Cost	Depreciation	Net
Buildings	4%	100,951	(49,453)	51,498
Furniture and fixtures	10%	5,871	(3,545)	2,326
Machinery and equipment	10%	16,072	(9,435)	6,637
Computer equipment	20%	85,571	(66,967)	18,604
Land		-	-	-
Facilities	10%	4,474	(1,954)	2,520
Telephone system	10%	1,993	(693)	1,300
Other	10% a 20%	23,738	(19,574)	4,164
Construction in progress		1,623	-	1,623
Total		<u>240,293</u>	<u>(151,621)</u>	<u>88,672</u>

Description	Annual depreciation rate	Consolidated		
		Cost	Depreciation	Cost
Buildings	4%	200,433	(85,477)	114,956
Furniture and fixtures	10%	22,280	(14,771)	7,509
Machinery and equipment	10%	19,225	(11,666)	7,559
Computer equipment	20%	148,014	(109,458)	38,556
Land		27,205	-	27,205
Facilities	10%	23,065	(12,961)	10,104
Telephone system	10%	17,698	(16,387)	1,311
Other	10% a 20%	29,170	(21,803)	7,367
Construction in progress		21,033	-	21,033
Total		<u>508,123</u>	<u>(272,523)</u>	<u>235,600</u>

## BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

### Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

#### **10 Intangible assets**

##### *Goodwill*

The goodwill is represented by the difference between the market value of the Bovespa Holding shares that were merged, in the amount of R\$ 17,942,090 and the book value of Bovespa Holding net equity at December 31, 2007, in the amount of R\$ 1,543,799, adjusted by the following items that occurred between December 31, 2007 and the merger date: (i) capital increase in the amount of R\$ 37,028, (ii) payment of interest on own capital in the amount of R\$ 23,444 and, (iii) adjustment of the proposed dividends amount related to 2007 in the amount of R\$ 205.

The market value of the merged Bovespa Holding shares was determined based on the average price weighted by the financial volume traded, adjusted by amounts distributed, as observed in BVSP trading in the 30 days that preceded the disclosure of the Significant Event at February 19, 2008.

In accordance with the provisions of the CVM Instruction 247, the final allocation of goodwill will be determined and recorded by the end of 2008, once the fair values of all assets and liabilities are established. Management of BM&FBOVESPA considers that the amount presented as goodwill will not change substantially until the final allocation is concluded.

##### *Goodwill amortization*

The goodwill on the acquisition of Bovespa Holding, in the amount of R\$ 16,384,912, was based on the expectation of future earnings. Until June 30, 2008, R\$ 81,105 of the goodwill was amortized, resulting in a net goodwill balance of R\$ 16,303,807. The portion of the goodwill that is based on the expectation of future earnings was amortized on a pro-rata basis based on cash flow projections.

#### **11 Earnings and rights on securities under custody**

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

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

at June 30, 2008

*(All amounts in thousands of reais unless otherwise indicated)*

---

**12 Provision for taxes and contributions payable**

At June 30, 2008, the breakdown of this balance was as follows:

Description	June 30, 2008	
	BM&FBOVESPA	Consolidated
Withholding taxes and contributions payable	2,945	17,906
PIS/COFINS	4,984	14,076
ISS (Municipal service tax)	812	831
Total	8,741	23,811

**13 Redemption of preferred shares to be settled**

As described in Note 1, the former shareholders of Bovespa Holding received redeemable preferred shares from BM&FBOVESPA due to the merger of Bovespa Holding shares. These shares were redeemed on May 8, 2008, with the consequent cancellation of the preferred shares against capital reserve, with no reduction of capital, resulting in a liability to BM&FBOVESPA payable to the shareholders in the amount of R\$ 1,240,000.

A significant part of the liabilities related to the redemption of the preferred shares was settled on June 13, 2008.

**14 Loans**

Short-term borrowings were contracted on June 13, 2008 in the amount of R\$ 500,000, indexed to 109.2% of the CDI variation and with maturity date on September 11, 2008. On June 30, 2008 short-term borrowing amounted to R\$ 502,732.

## BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

### Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

#### 15 Other accounts payable

At June 30, 2008, the breakdown of this balance was as follows:

	June 30, 2008	
	BM&FBOVESPA	Consolidated
Demand deposits (*)	-	42,201
Liabilities from securities purchased under resell agreement (*)	-	94,944
Outstanding foreign exchange transactions (*)	-	13
Interest on own capital payable	371	1,747
Dividends payable	138	2,489
Other	3,643	10,357
	<hr/>	<hr/>
Total	4,152	151,751
	<hr/>	<hr/>
Current	3,159	151,381
Long-term	993	370

(\*) Balances related to the operations of Banco BM&F S.A.

#### 16 Contingent assets and liabilities

##### *a. Contingent assets*

BM&F BOVESPA does not have any contingent assets recorded in its balance sheet, as it does not have any lawsuits that are expected to generate future gains.

##### *b. Contingent liabilities*

BM&FBOVESPA, its subsidiaries and special purpose entities are defendants in a number of lawsuits of both labor and civil natures that have arisen during their normal operating activities.

The procedure utilized by BM&FBOVESPA for recognition of these obligations is the one specified in CVM Resolution 489. The lawsuits are classified by the probability of loss (probable, possible or remote), by means of an evaluation in which parameters such as previous judgments and the history of loss in similar suits are used.

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

at June 30, 2008

(All amounts in thousands of reais unless otherwise indicated)

The proceedings classified as a “possible loss” are classified in this manner as a result of the uncertainties concerning their outcome. They are lawsuits for which jurisprudence has not been defined yet or which still depend on verification and analysis of the facts, or even present specific aspects that reduce the chances of loss. These proceedings do not involve material sums and are comprised of the following items:

- Labor proceedings, which relate mainly to claims presented by employees of outsourced service providers, on account of alleged noncompliance with labor legislation. There are also claims filed by former BVRJ employees, specifically as regards to noncompliance with rules related to collective bargaining agreements;
- Civil proceedings, which refer mainly to issues pertaining to BVRJ civil liability of a contractual nature and indemnity claims for losses and damages;
- Tax proceedings, which relate to the classification of exchanges as subject to the payment of social contributions.

**c. Legal obligations**

Related to proceedings in which the incidence of social security taxes on exchange operations is challenged.

**d. Changes in balances**

The activity of the period in provisions for contingencies and legal obligations can be summarized as follows:

Description	BM&FBOVESPA				Consolidated				
	Lawsuits		Legal obligations		Lawsuits		Legal obligations		
	Civil	Labor		Total	Civil	Labor	Tax		Total
<b>Balance at 12/31/07</b>	2,906	1,661	22,738	27,305	76,669	4,284	298	28,530	109,781
<b>Additions</b>									
New provisions	-	289	975	1,264	611	1,157	-	4,238	6,006
Interest and monetary correction	224	121	135	480	237	211	9	135	592
<b>Disposals</b>									
Utilization	-	-	-	-	-	(55)	-	-	(55)
Non utilization	-	-	-	-	(4,593)	(325)	-	-	(4,918)
<b>Balance at 06/30/2008</b>	<b>3,130</b>	<b>2,071</b>	<b>23,848</b>	<b>29,049</b>	<b>72,924</b>	<b>5,272</b>	<b>307</b>	<b>32,903</b>	<b>111,406</b>

## BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

### Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

On June 30, 2008, BM&FBOVESPA had judicial deposits of R\$ 24,232 and consolidated judicial deposits of R\$ 80,435, recorded in noncurrent assets, related to these legal proceedings. Besides the consolidated judicial deposits, it also had assets tied to lawsuits in the amount of R\$ 62,397, comprised of shares, and R\$ 5,086 of linked dividends.

**e. Possible losses**

BM&FBOVESPA and its subsidiaries are defendants in a number of lawsuits of civil, tax and labor nature for which, based on the opinion of their legal advisors, management understands the chance of loss is possible. There is no provision for loss recorded for such lawsuits, which are presented in the table that follows:

Description	June 30, 2008	
	BM&FBOVESPA	Consolidated
Civil	-	135
Tax	13,968	96,072
Labor	961	8,305
Total	14,929	104,512

**f. Remote losses**

The subsidiary BVRJ is a defendant, together with BOVESPA, in an action for material damages and loss resulting from moral offense filed by Mr. Naji Robert Nahas, Selecta Participações e Serviços SC Ltda. and Cobrasol-Companhia Brasileira de Óleos e Derivados, due to alleged losses in the stock market sustained in June 1989. The sum assigned to the cause by the plaintiffs is R\$10 billion. In relation to the material damage and loss resulting from moral offense claimed, the plaintiffs ask that BVRJ and BOVESPA each be sentenced in proportion to their responsibilities. The company and its legal advisors understand that the chances of loss in this lawsuit are remote.

## BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

### Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

#### 17 Shareholders' equity

##### a. Capital

BM&FBOVESPA's capital is R\$ 2,537,023, comprising 2,040,797,995 nominative common shares with voting rights and no par value.

##### Capital formation

	<u>Number of shares</u>	<u>R\$</u>
<b><u>Initial capital</u></b>		
T.U.T.S.P.E Empr. Partic. S.A.	4	1
<b><u>Merger</u></b>		
BM&F S.A.	1,010,785,800	1,010,785
Bovespa Holding	<u>1,030,012,191</u>	<u>1,526,237</u>
Total	2,040,797,995	2,537,023

##### b. Treasury stock

BM&FBOVESPA maintains 4 nominative common shares as treasury stock that were bought from dissident shareholders.

##### c. Dividends and interest on own capital

Pursuant to the bylaws, the shareholders are guaranteed interest on own capital or dividends, based on the net income of the Company, adjusted under the terms of corporate law, at a minimum percentage of 25%.

On March 25, 2008 the Board of Directors of BM&F S.A. approved the payment of interest on own capital, in the total amount of R\$ 20,540, at R\$ 0.020320247 per share, the payment of which was made at the net amount of R\$ 0.017272210 per share, already net of the Income Tax withholding of 15%, except for those shareholders that are legal entities exempt from the mentioned taxation, which received the declared amount.

##### d. Revaluation reserves

Revaluation reserves were established as a result of the revaluation of works of art of BM&FBOVESPA on August 31, 2007 and of the property of its subsidiary, BVRJ, based on independent experts' appraisal reports.

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

at June 30, 2008

(All amounts in thousands of reais unless otherwise indicated)

The realization of the revaluation reserves for the six-month period ended June 30, 2008, in the amount of R\$ 290, was proportional to BM&FBOVESPA's ownership in BVRJ's capital and to the depreciation of the property of BVRJ.

On June 30, 2008 the breakdown of the revaluation reserve was as follows:

Description	BM&FBOVESPA	Form of realization
<b>BM&amp;F BOVESPA's own assets</b>		
Works of art	8,308	Disposal
<b>BVRJ's assets</b>		
Property	13,678	Depreciation
Land	2,435	Disposal
Total	24,421	104,512

e. *Statutory reserves*

Their purpose is to form funds and safeguard mechanisms required for the adequate development of the activities of BM&FBOVESPA., guaranteeing the proper settlement and the reimbursement of losses arising from the intermediation of transactions carried out in its auction systems and/or registered in any of its trading, registration, clearing and settlement systems, and from custody services. The balances of the statutory reserves at June 30, 2008 are allocated as follows:

<b>Foreign Exchange Clearinghouse</b>	
Operational Fund	50,000
Guarantor Fund - Floor-Traded Spot US Dollar	15,000
Subtotal	65,000
<b>Derivatives Clearinghouse</b>	
Special Clearing Member Fund	40,000
Agricultural Market Trading Fund	50,000
Subtotal	90,000
<b>Securities Clearinghouse</b>	
Operational Fund	40,000
Subtotal	40,000



BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

<b>Special equity (Law 10214) (1)</b>	
Foreign Exchange Clearinghouse	24,772
Derivatives Clearinghouse	24,772
Securities Clearinghouse	17,469
Subtotal	<u>67,013</u>
<b>Guarantee Fund - Derivatives Clearinghouse</b>	<u>92,342</u>
Subtotal	<u>92,342</u>
<b>Guarantee Reserve for Trade Settlement</b>	<u>47,092</u>
Subtotal	<u>47,092</u>
Total statutory reserve	<u><u>401,447</u></u>

- (1) The special equity formed for compliance with Law 10214, of March 27, 2001, on account of the clearing and settlement services rendered by the clearinghouses, is formed by Financial Treasury Bills, which are registered at SELIC in the existing special movement custody account, remaining unavailable, but substitutable by other securities of equivalent value.

Note 20 describes the situations in which the resources that make up the statutory reserve of the funds that form an integral part of the Foreign Exchange, Derivatives and Securities Clearinghouses and of the Guarantee Fund may be utilized, and the procedures to be adopted for this purpose.

## 18 Related party transactions

Transactions with related parties were performed based on market terms and conditions. The balances were as follows:

	<u>June 30, 2008</u>	
	<u>Assets/ (liabilities)</u>	<u>Income/ (expenses)</u>
<b>Managers</b>		
Advances	287	-
Stock option	3,976	-

**Bolsa de Valores do Rio de Janeiro**

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

at June 30, 2008

(All amounts in thousands of reais unless otherwise indicated)

	<b>June 30, 2008</b>	
	<b>Assets/ (liabilities)</b>	<b>Income/ (expenses)</b>
<b>Accounts payable/receivable</b>	( 928 )	-
<b>Administrative and general expenses</b>		
Social contribution on equity memberships	-	(238)
<b>Bovespa Holding S.A.</b>		
Accounts payable/receivable	(414)	-
Transfer Ibovespa fees	-	(2,179)
Annual payments - Bovespa list	-	(50)
<b>Banco BM&amp;F de Serviços de Liquidação e Custódia S.A.</b>		
Cash and cash equivalents	297	-
Accounts receivable	348	-
<b>Administrative and general expenses</b>		
Recovery of expenses	-	1,895
<b>Bolsa Brasileira de Mercadorias</b>		
<b>Accounts payable</b>	263	-
<b>Administrative and general expenses</b>		
Minimum contribution on equity memberships	-	(150)
Recovery of expenses	-	1,732
<b>Bolsa de Valores do Rio de Janeiro</b>		
<b>Fundo de Garantia da BVRJ</b>		
Accounts receivable	842	-
<b>Bolsa Brasileira de Mercadorias</b>		
<b>Banco BM&amp;F de Serviços de Liquidação e Custódia S.A.</b>		
Cash and cash equivalents	-	(404)
<b>Bolsa Brasileira de Mercadorias</b>		
<b>Bovespa Holding S.A.</b>		
Rental	-	(28)

Related party transactions are presented at current value and encompass transactions occurred up to June 30, 2008. Related party transactions are comprised mainly of accounts payable and receivable between subsidiaries and their parent company and, when applicable, are governed by signed contracts between the parties.

Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

**19 Financial instruments**

The financial statements are prepared on the assumption that the regular operations of BM&FBOVESPA and its subsidiaries will continue.

On June 30, 2008, financial instruments were comprised, mainly, by the following:

**a. Cash and cash equivalents and financial investments (Note 5)**

Cash, cash and equivalents and financial investments are presented by nature and maturity and approximate their fair value at June 30, 2008.

**b. Loans**

Short term borrowings are subject to floating interest rates and their carrying amounts approximate their fair value at June 30, 2008.

**20 Safeguard structure**

**a. Risk management**

*Credit risk - Performance of BM&FBOVESPA as a central counterparty (CCP) guarantor of markets (Clearing)*

BM&FBOVESPA manages three clearinghouses considered systematically important by the Central Bank of Brazil, i.e. the Derivatives, Foreign Exchange and Securities Clearinghouses.

Through these Clearinghouses, BM&FBOVESPA acts as a CCP in the derivatives market (futures, forwards, options and swaps), the foreign exchange market (spot US dollar) and the federal government bond market (spot and forward transactions and securities loans). 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 regulations in force.

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.

## BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

### Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

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, the increase of price volatility can affect the magnitude of amounts 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, in spite of the fact that there is no direct exposure to market risk, this risk can impact BM&FBOVESPA through 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 2882 and Bacen Circular 3057.

The main components of the safeguard structure of the Derivatives Clearinghouse are described below.

- Collateral deposited by derivatives market participants;
- 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;
- Statutory reserve - Agricultural Market Trading Fund, with the amount of R\$ 50 million, intended to keep BM&FBOVESPA resources allocated to guarantee the proper settlement of transactions with agricultural commodity contracts;
- Statutory reserve - Special Clearing Member Fund, with the amount of R\$ 40 million, formed by a capital transfer from BM&FBOVESPA., intended to keep BM&FBOVESPA resources allocated to guarantee the proper settlement of transactions, regardless of the type of contract.
- Clearing Fund, with the amount of R\$ 328,740, 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 up;
- Operational Performance Fund, with the amount of R\$ 1,114,172, formed by resources transferred by holders of settlement rights at the Derivatives Clearinghouse (clearing members) and holders of full trading rights, with the exclusive purpose of guaranteeing the operations.

## BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

### Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

The main components of the safeguard structure of the Foreign Exchange Clearinghouse are described below:

- Collateral pledged by interbank foreign exchange market participants;
- Foreign Exchange Clearinghouse Participation Fund, with the amount of R\$ 149,393, formed by collateral transferred by Clearinghouse participants, intended to guarantee the proper settlement of transactions;
- Statutory reserve - Operational Fund of the Foreign Exchange Clearinghouse, with the amount of R\$ 50 million, with the purpose of covering losses resulting from operating or administrative failures;
- Statutory reserve - Guarantor Fund of the Floor-Traded Spot US Dollar Market, with the amount of R\$ 15 million, with the purpose of covering the price variation risk between the moment a spot US dollar transaction is matched on the floor and its acceptance by the banks for which it is specified.

The main components of the safeguard structure of the Securities Clearinghouse are described below:

- Collateral deposited by federal government bond market participants;
- Statutory reserve - Operational Fund of the Securities Clearinghouse, with the amount of R\$ 40 million, with the purpose of covering losses resulting from operating or administrative failures of Securities Clearinghouse participants;
- Statutory reserve - Guarantee Reserve for Trade Settlement, with the amount of R\$ 47,092, with the purpose of forming the safeguard mechanisms needed for the proper development of BM&FBOVESPA activities, ensuring the proper settlement and the reimbursement of losses resulting from intermediation of trades executed in its auction system and/or registered in any of its trading, registration, clearing and settlement systems, and from custody services.

In relation to the Derivatives Clearinghouse, the existence of another statutory reserve - the Guarantee Fund, with an amount of R\$ 92,342, formed by resources from BM&FBOVESPA itself, intended to cover losses of clients occurring on account of problems related to the execution of orders, as well as the inadequate use of amounts delivered to the Brokerage Houses, should also be emphasized.

The risk management policy adopted by the Clearinghouses is established by the BM&FBOVESPA Risk Committee, in which 11 BM&FBOVESPA officers participate, including the Chief Executive Officer, Chief Financial Officer and Chief Clearinghouse Officer, as well as the Risk Management Systems Officer, BM&FBOVESPA Bank Officer, the three Clearinghouse Officers and the Trading Officer, among others. The main duties of the Committee are (i) the

## BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

### Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

evaluation of the macroeconomic and political environment and of its impacts on the markets managed by BM&FBOVESPA. (ii) the determination of the models utilized for calculation of collateral and for control of the intraday risk of the transactions performed, (iii) the definition of parameters utilized by these models, especially the stress scenarios referring to each type of risk factor, (iv) the assets accepted as collateral, their form of valuation, maximum limits of use and applicable haircut factors, and (v) other studies and analyses.

In view of the amounts involved, the collateral pledged by the participants that perform transactions represents the major component of the Clearinghouse safeguard structures.

For most of the contracts, the amount required as collateral is calculated so as to cover the market risk of the transaction, i.e. its price volatility, during the time frame of two days, which is the maximum time expected for the settlement of the positions of a defaulting participant.

The models utilized in the margin requirement calculation are based on stress testing, a methodology that seeks to gauge market risk considering not only the recent historical price volatility, but also the possibility of unexpected events that could modify the historical patterns of prices and of the market in general.

The main parameters utilized by the margin calculation models are the stress scenarios, defined by the Risk Committee for the risk factors that affect the prices of contracts traded at BM&FBOVESPA. Among the main risk factors are the Brazilian real/US dollar exchange rate, the term structure of the local interest rate, the term structure of the local US dollar interest rate and the Bovespa Index.

In the definition of stress scenarios, the Risk Committee utilizes a combination of quantitative and qualitative analyses. The quantitative analysis is conducted with the support of statistical models of risk estimation, such as the Extreme Value Theory (EVT), estimation of implied volatilities, and GARCH family models, besides historical simulations. The qualitative analysis, in turn, considers aspects related to the domestic and international economic and political environments, and their possible impacts on the markets managed by BM&FBOVESPA.

#### *Market risk - Investment of funds in cash*

Considering the importance of BM&FBOVESPA's equity as a last resource available in the safeguard structure of its Clearinghouses, its investment policy is for low risk cash alternatives, normally federal government bonds, including exposure through exclusive and open-ended funds. Hence, in general, BM&FBOVESPA has most of its investments in conservative investment funds, with portfolios backed by federal government bonds that are indexed to the SELIC/CDI rate.

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

**b. Collateral for transactions**

Transactions performed in the BM&FBOVESPA markets are backed by cash collateral pledges, in the sum of R\$ 313,716 and R\$ 536,068 in consolidated, in addition to government bonds and private securities, letters of credit and other financial instruments. At June 30, 2008, the pledged collateral totaled R\$ 120,591,029, as follows:

<b>Derivatives Clearinghouse</b>	
Federal government bonds	62,880,110
Letters of credit	4,520,807
Equities	3,201,280
Bank certificates of deposit	2,257,987
Gold	253,990
Cash (1)	308,039
FIF BB-BM&F Investment Fund	37,161
FIC BM&F Bank Investment Fund	58,436
Rural Product Note	6,728
	<hr/>
Subtotal	73,524,538
	<hr/>
<b>Foreign Exchange Clearinghouse</b>	
Federal government bonds	2,869,842
Cash (1)	3,827
	<hr/>
Subtotal	2,873,669
	<hr/>
<b>Securities Clearinghouse</b>	
Federal government bonds	1,848,996
	<hr/>
Subtotal	1,848,996
	<hr/>
<b>Shares Clearinghouse - CBLC</b>	
Federal government bonds	22,977,322
Equities	16,315,149
Cash (1)	222,352
Letters of credit	484,310
Sundry credits	392,499
Other guarantees	1,952,194
	<hr/>
Subtotal	42,343,826
	<hr/>
Total	120,591,029
	<hr/>

## BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

### Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

- a. The balance of collateral recorded in current liabilities refers to deposits in currency. The availability of these funds is managed and their utilization is dependent on the fluctuation of the required margin balance.

**c. Other information - Clearing Fund**

It is formed by funds invested by the clearing members, with the exclusive purpose of guaranteeing transactions, and may include bank letters of credit, government bonds and private securities, credit insurance, cash, gold and other assets, at the sole discretion of BM&FBOVESPA. Collateral represented by securities and other assets depends on prior approval from BM&FBOVESPA.

The liability of each clearing member is joint, several and limited, individually.. On June 30, 2008, the Clearing Fund was comprised as follows:

**Composition**

Federal government bonds	277,450
Letters of credit	29,500
Bank certificates of deposit	9,210
Equities	11,159
Gold	1,421
	<hr/>
Amounts deposited	328,740
	<hr/>
Amounts that ensure clearing member participation	298,000
	<hr/>
Excess collateral	30,740
	<hr/> <hr/>

The minimum contribution for each clearing member is R\$ 2,000, R\$ 3,000 and R\$ 4,000, depending on whether this member is the holder of a type 1, type 2 or type 3 settlement right, respectively, in the Derivatives Clearinghouse. The total amount deposited to the Clearing Fund is R\$ 298,000, while the remainder refers to the surpluses of non-enforceable deposited collateral.

**d. Operational Performance Fund**

This fund is formed by resources transferred by holders of settlement rights in the Derivatives Clearinghouse (clearing members) and holders of full trading rights, with the exclusive purpose of guaranteeing operations. These resources can take the form of bank letters of credit, government bonds and private securities, credit insurance, cash, gold and other assets, at the sole discretion of BM&FBOVESPA. Collateral represented by securities and other assets depend on prior approval of BM&FBOVESPA.



BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

The Operational Performance Fund presents the following position at June 30, 2008:

**Composition**

Federal government bonds	794,979
Letters of credit	202,780
Bank certificates of deposit	82,521
Equities	29,467
Investment funds	3,176
Cash (1)	<u>1,250</u>
Amounts deposited	<u>1,114,173</u>
Amounts that ensure clearing member participation	<u>1,046,500</u>
Excess collateral	<u><u>67,673</u></u>

***e. Participant funds***

Formed by deposits, in assets and currencies, required for the authorization of participants to the Foreign Exchange Clearinghouse. Its purpose is to guarantee performance of the obligations assumed by them. The deposits totaled R\$ 163,541 on June 30, 2008, composed of federal government bonds distributed by the Foreign Exchange Clearinghouse Participation Fund, in the amount of R\$ 149,393, and the Floor-Traded Spot US Dollar Guarantor Fund, in the amount of R\$ 14,148.

***f. CBLC's Settlement and Special Equity Funds***

The Settlement and Special Equity Funds were established in April 2002, in compliance with the decisions taken at the Extraordinary General Meeting held on September 27, 2001 and BACEN Circular 3057 of August 31, 2001, respectively, to be used for the sole purpose of covering losses that may arise from default and/or to provide liquidity to cover possible mismatches in connection with the clearing and settlement process of the transactions.

## BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

### Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

At June 30, 2008, the Settlement Fund presents the following position:

#### **Composition**

CBLC investment in exclusive investment fund	150,131
Federal government bonds	<u>173,182</u>
Amounts deposited	<u><u>323,313</u></u>

At June 30, 2008, the balance of CBLC Special Equity Funds was R\$ 27,844 and was invested in federal government bonds.

In addition, CBLC has lines of credit totaling R\$ 1,435,000 at June 30, 2008 to be used if and when necessary to provide liquidity to its clearing and settlement activities. These lines of credit are contracted directly from financial institutions operating in Brazil and are renewable annually and/or automatically, depending on the financial institution. There were no credit line balances used at the date of the financial statements.

## **21 Benefits for employees**

### ***Stock options – BM&F S.A. (Transferred to BM&FBOVESPA)***

The stock option plan described below was transferred to BM&FBOVESPA.

The Special General Meeting held on September 20, 2007, approved an option plan for shares issued by BM&F S.A., in order to allow managers, employees and service providers of the company or of other businesses under its control, under certain conditions, to acquire shares of the company, with the following aims: (a) stimulate the expansion, the success and the attainment of its corporate objectives; (b) align the interests of shareholders with those of managers, employees and service providers of the company or of other businesses under its control; and (c) allow the company or other businesses under its control to attract and retain managers and employees.

## BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

### Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

The call options granted under the terms of the plan may confer purchase rights on a quantity of shares, for recognition and retention of the current board members and employees of the company, up to the limit of 3% of its capital stock, observing the following vesting periods for the exercise of these options:

	<u>Number of shares</u>
• Date of concession: exercise of 25%;	7,829,928
• Beginning of the first year: 0%;	-
• Beginning of the second year: 0%;	-
• Beginning of the third year: 25%;	6,408,796
• Beginning of the fourth year: 25%;	6,408,796
• Beginning of the fifth year: 25%.	<u>6,408,796</u>
<b>Total</b>	<b><u>27,056,316</u></b>

In addition to the abovementioned limit, call options conferring rights to the acquisition of shares up to the limit of 0.5% of the capital stock can be issued each year, observing that these options, when added to those relating to the abovementioned limit of 3%, cannot exceed the limit of 5% of capital dilution.

The accounting policy adopted by the former BM&F S.A. was to record in shareholders' equity, upon the options exercise, the sum of amounts relating to the options exercised.

Options involving 7,829,928 common shares were exercised in full on December 18, 2007, at an issue price of R\$ 1.00 each. To allow for the exercise of these options, the Board of Directors decided to issue 7,829,928 new common shares, with the capital increasing from R\$ 901,877 to R\$ 909,707, comprising 909,707,220 common shares. The closing market price of BM&F S.A.'s shares on December 18, 2007 was R\$ 23.60.

Of the shares issued on account of the exercise of the options granted in 2007, 4,275,846 were assigned to BM&F board members; 2,875,111 shares were assigned to employees; and 678,971 shares were assigned to service providers and associates.

A total of 19,226,388 common shares are subject to the abovementioned vesting periods, and can be exercised depending on the implementation of certain conditions established in the options granting agreements signed with board members and employees.

If all the options already granted are exercised, subject to the vesting period and the conditions established in the relevant agreements, the percentage of capital dilution of other shareholders will be 0.93%.

## BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

### Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

#### ***Stock Option Plan- Bovespa Holding***

At an Extraordinary General Meeting held on August 28, 2007, the shareholders approved the Company's Stock Purchase Option Plan (the "Option Plan"). The Option Plan is designed to offer the Company's directors, employees and service providers an opportunity to become shareholders, thus increasing the alignment of their interests with those of the other shareholders and sharing the capital market risks.

In accordance with the Option Plan, the Board of Directors, at a meeting held on August 28, 2007, approved a Recognition Program, granting options to the directors and employees to purchase 14,810,781 shares of Bovespa Holding, corresponding to 2.1% of capital, at the issue price of R\$ 2.06, adjusted by the variation of the General Market Price Index (IGP-M) up to the exercise.

As of December 31, 2007, options for 2.5% of capital have not yet been authorized by the Board of Directors, with the possibility of 17,631,882 of the Company's common shares being made available under the Option Plan.

Up to April 30, 2008, some beneficiaries of the first program exercised their options, in accordance with the conditions established in the Option Plan, and purchased a total of 164,739 shares of Bovespa Holding at the issue price of R\$ 2.06 per share, adjusted by the variation of the General Market Price Index (IGP-M) and by the dividends paid up to the exercise date. The average market price of the Company's shares during the period was R\$ 25.25.

As of May 8, 2008, all the beneficiaries of the first Recognition Program of the Stock Purchase Option Plan fully exercised in advance a total of 14,618,400 common shares of the Company at the unit price of R\$ 2.11. The average market price at May 8 was R\$ 27.24.

After the advanced exercise on May 8, 2008 of the granted options, the AGE approved the extinguishment of the Recognition Program of the Stock Purchase Option Plan of Bovespa Holding.

#### ***Pension plan***

The MERCAPREV private pension fund is structured as a defined contribution retirement plan with ADEVAL, ANCOR, BOVESPA, BM&F S.A., CBLC, brokerage firms Theca, Souza Barros and Talarico, and the workers' union SINDIVAL.

During the six-month period ended June 30, 2008 the contributions to the pension plan amounted to R\$ 595 (Consolidated – R\$ 1,302).

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

**22 Management compensation**

In the first half of 2008, the amount of compensation paid to the board of directors, including social charges and accrued vacation pay, 13<sup>th</sup> month and 14<sup>th</sup> month salaries, reached R\$ 19,622 (consolidated - R\$ 30,482).

**23 Exposure in foreign currency**

BM&FBOVESPA's foreign currency exposure as of June 30, 2008, amounted to R\$ 4,488.

**24 Income tax and social contribution on net income**

**(a) Deferred income tax and social contribution**

The balance of deferred tax assets is as follows:

	<u>Consolidated</u>
Temporary differences	
Provisions for third party services	1,378
Provision for credits arising from judicial lawsuits	609
Legal obligations - PIS and COFINS	1,625
Other temporary differences	<u>3,296</u>
	<u><u>6,908</u></u>

**(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, therefore, suffer changes.

The deferred tax assets arising from temporary differences related to provisions for payment of services are expected to be realized during the 2008 fiscal year. Management believes that the other tax assets will be realized as the judicial lawsuits and related events are resolved, within a period of up to 5 years.

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

BM&FBOVESPA has tax credits arising from temporary differences related to amortization of goodwill on the merger of the shares of Bovespa Holding, in the amount of R\$ 27,576, recorded in its tax books. This tax credit may be recorded once the integration process of BM&FBOVESPA and its subsidiaries is initiated and is considered viable, after considering current tax legislation.

In addition, the subsidiaries of BM&FBOVESPA have tax credits recorded in their tax books in the amount of R\$ 52,177 to be offset against future taxable income, which have not yet been recorded in the accounting books, as it is not currently possible to assert that their realization is probable.

***(c) Reconciliation of the income tax and social contribution expense***

The income tax (IR) and social contribution (CS) amounts presented in the consolidated and parent company statement of income at nominal rates are reconciled as follows:

	<b>June 30, 2008</b>	
	<b>BM&amp;FBOVESPA</b>	<b>Consolidated</b>
Net income before IR and CS	393,726	542,017
Income tax and social contribution before additions and exclusions	133,867	184,286
Additions:		
Non deductible expenses	35,605	42,857
Temporary additions	116	3,266
Result generated by exempt entities	-	551
Exclusions:		
Temporary exclusions	(48)	(48)
Equity in the results	(98,067)	-
Interest on own capital	(6,983)	(18,738)
Income tax and social contribution in the result for the period	(64,490)	(212,174)
Current	(64,490)	(212,174)
Deferred	-	(3,329)

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

at June 30, 2008

(All amounts in thousands of reais unless otherwise indicated)

**25 Sundry expenses**

Description	June 30, 2008	
	BM&FBOVESPA	Consolidated
Electric energy , water and sewer	1,822	3,395
Travel	1,281	2,591
Provisions	598	914
Contributions and donations (1)	1,418	9,907
Insurance	299	612
Remaining expenses from demutualization and public offering	-	789
Sundry	845	4,916
Total	6,263	23,124

(1) In contributions and donations, of the total amount of R\$ 9,907 in consolidated, R\$ 8,830 refer to a donation to Instituto Bovespa de Responsabilidade Social e Ambiental by BVSP and CBLC in connection with the exercise of the subscription right of 2,830,000 shares of Bovespa Holding on April 1, 2008, in accordance with the conditions established for the exercise of the subscription bonus paid up by Instituto Bovespa.

**26 Non operating result**

Description	June 30, 2008	
	BM&FBOVESPA	Consolidated
Other equity investments	4,548	4,548
Income from rental of properties	1	2,705
Result on sale of assets	54	2,283
Other income	1	1
Unrecoverable income tax on dividends received	(227)	(227)
Reversal of provision for contingent liabilities	-	1,764
Possible losses	(227)	(232)
Non-operating result	4,150	10,842

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

at June 30, 2008

(All amounts in thousands of reais unless otherwise indicated)

27 Statement of cash flows

	<u>Six-month period ended June 30, 2008</u>	
	<u>BM&amp;FBOVESPA</u>	<u>Consolidated</u>
<b>Cash flow from operating activities</b>		
<b>Net income for the period</b>	329,236	329,236
Depreciation and amortization	6,321	15,700
Profit on sale of permanent assets and assets held for sale	(6)	(2,220)
Deferred income tax and social contribution	-	(3,330)
Equity in earnings of subsidiaries	(288,432)	-
Unearned income	-	14,867
Realization of revaluation reserves	(290)	(290)
Goodwill amortization	81,105	81,105
Variation in financial investments and collateral for transactions	599,296	489,535
Variation in taxes recoverable and prepaid	(7,439)	(82,691)
Variation in accounts receivable	3,212	(16,683)
Variation in other credits	(1,487)	(20,683)
Variation in prepaid expenses	423	(1,811)
Variation in judicial deposits	(1,171)	(50,736)
Variation in earnings and rights on securities under custody	-	8,383
Variation in suppliers	(2,419)	(3,315)
Variation in provision for taxes and contributions payable	(17,108)	52,431
Increase in salaries and social security charges	11,499	15,778
Variation in other accounts payable	(13,739)	(72,235)
Variation in provision for contingencies	1,744	(876)
Cash and cash equivalents incorporated/consolidated	49,253	10,817
<b>Net cash provided by operating activities</b>	<b>749,998</b>	<b>762,982</b>
<b>Investing activities</b>		
Disposal of fixed assets	824	8,808
Purchase of fixed assets	(14,440)	(35,850)
Purchase of other investments	(645)	(1,347)
Payment of preferred shares	(1,212,768)	(1,187,675)
Variation in minority interest	-	(13,380)
Variation in intangible assets	(3,772)	(3,578)
<b>Net cash used in investing activities</b>	<b>(1,230,801)</b>	<b>(1,233,022)</b>
<b>Financing activities</b>		
Capital increase	1	1
Variation in minority interest	0	607
Variation in short term borrowing	502,732	502,732
Interest on shareholders' equity	(20,540)	(20,540)
<b>Net cash provided by financing activities</b>	<b>482,193</b>	<b>482,800</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,390</b>	<b>12,760</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,390</b>	<b>12,760</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,390</b>	<b>12,760</b>



BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

at June 30, 2008

(All amounts in thousands of reais unless otherwise indicated)

28 Statement of added value

	Six-month period ended June 30, 2008			
	BM&FBOVESPA		Consolidated	
<b>1 - Revenues</b>	<b>330,338</b>		<b>932,075</b>	
Trading and/or settlement systems	310,665		896,115	
Other operating revenues	15,523		25,118	
Non-operating	4,150		10,842	
<b>2 - Inputs acquired from third parties</b>	<b>113,248</b>		<b>234,008</b>	
Operating expenses (a)	113,248		234,008	
<b>3 - Gross added value (1-2)</b>	<b>217,090</b>		<b>698,067</b>	
<b>4 - Retentions</b>	<b>87,426</b>		<b>96,805</b>	
Goodwill amortization	81,105		81,105	
Depreciation and amortization	6,321		15,700	
<b>5 - Net added value (3-4)</b>	<b>129,664</b>		<b>601,262</b>	
<b>6 - Transferred added value</b>	<b>362,279</b>		<b>174,648</b>	
Equity in income of subsidiaries	288,432		-	
Financial income	73,847		174,648	
<b>7 - Added value to be distributed (5+6)</b>	<b>491,943</b>		<b>775,910</b>	
<b>8 - Distribution of added value</b>	<b>100%</b>	<b>491,943</b>	<b>100%</b>	<b>775,910</b>
Personnel and contributions	11%	54,250	15%	114,681
Income tax, taxes and contributions (b)	20%	97,149	40%	309,706
Interest and leases (c)	2%	11,308	3%	22,287
Interest on shareholders' equity and dividends	4%	20,540	3%	20,540
Retained earnings	63%	308,696	40%	308,696

(a) Operating expenses (excluding personnel, depreciation, leases and income tax and taxes)

(b) Including: PIS and COFINS, ISS, income tax and social contribution

(c) Including: leases and financial expenses

Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

**29 Other information**

**Provisional Measure 413 – increase in the social contribution on net income rate**

On January 3, 2008, the President of Brazil issued Provisional Measure 413, which, among other measures, increased the social contribution on net income rate from 9% to 15% for private insurance and capitalization corporate entities, among other entities listed in sub-items I to XII of paragraph 1 of Art. 1 of Supplementary Law 105, of January 10, 2001.

BM&FBOVESPA, BVSP and CBLC fall within subitems VIII/ XI and XII of paragraph 1 of Art. 1 of the aforementioned Supplementary Law, respectively.

The increase in the social contribution on net income levied on the profit of those companies will be effective as from May 1, 2008 and is subject to the conversion, with no amendments, of the provisional measure into a law and the ruling by the Federal Supreme Court of the Direct Unconstitutionality Lawsuit (ADIN) 4003, petitioned by the Democrats Party (DEM).

On June 23, 2008, the President of Brazil enacted Law 11,727 (Conversion Law Project 14 of 2008, derived from Provisional Measure 413), that excluded entities listed in sub-items VIII, XI and XII of paragraph 1 of Art. 1 of Supplementary Law 105 from the social contribution on net income rate increase.

**30 Subsequent events**

As described on Note 1, on May 8, 2008, the merger of BM&F S.A. and Bovespa Holding was approved.

The objective of the integration process is to generate synergies and reduce costs for the next years.

In June 2008, the Board of Directors approved the names of the executive officers and disclosed the complete management organization chart of BM&FBOVESPA.

The complete organization chart for all employee levels of BM&FBOVESPA will be determined and disclosed in the third quarter of 2008.

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

Notes to the Financial Statements

**at June 30, 2008**

*(All amounts in thousands of reais unless otherwise indicated)*

---

As part of the synergy goals for the new structure, it is the intention of BM&FBOVESPA to promote an overall reduction in the number of employees. BM&FBOVESPA is studying a severance package for the employees that will eventually be dismissed during the reorganization process.

**Registration as public company**

On August 11, 2008, the Brazilian Securities Commission – CVM granted BM&FBOVESPA its registration as public company.

\* \* \*