(A free translation of the original in Portuguese)

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

Financial Statements at

December 31, 2008

2008 MANAGEMENT REPORT

Dear Shareholders,

BM&FBOVESPA SA hereby submits for your review the Management Report related to the activities developed by the Company in 2008.

ECONOMIC OUTLOOK

The year of 2008 was marked by the worst world financial crisis since the 30s. Having begun in the United States real estate sector in 2007, the crisis deepened, especially as of the third quarter of 2008, when investment bank Lehman Brothers collapsed. This caused strong instability in the international financial markets, a sharp contraction in credit markets and, subsequently, a sudden deceleration in the level of global economic activity whose proportions have thus far been impressive and whose consequences are still uncertain.

The origin of this crisis was the enormous growth in financial leverage initiated in 2001, during a period of historically low US interest rates. Its most serious effects were felt in the US mortgage market, where the originate-and-distribute model blossomed. Under this model, receivable rights were securitized, packaged into securities and sold to investors who were not involved in the credit granting process, such as pension funds, insurance companies and hedge funds, in addition to Special Investment Vehicles, which were not included in the banks' balance sheets. Such a movement culminated in high asset inflation in the major world economies and was followed by a significant growth in credit derivatives, or Credit Default Swaps (CDS).

As the mortgage crisis unfolded, the large banks that had a high risk exposure to assets of this kind were required to make large provisions, which basically involved the higher risk mortgage loans, that is, the subprime mortgage-backed securities.

This situation forced banks to seek cash injections to maintain their activities, and also led the US government and other G7 governments to launch assistance packages to aid their respective financial systems. However, the insufficiency of these initiatives led to Lehman Brothers' bankruptcy in September of 2008.

The most visible consequence of this episode was the almost complete paralysis of credit granting due to an increased counterparty risk, which caused all kinds of effects on the real economy, all of which point to a severe recession in the developed countries as well as in the majority of developing countries.

In Brazil, the crisis impact was particularly felt on the fourth quarter of 2008, in view of the international liquidity contraction, the commodity price downfalls, and the economic deceleration in major Brazilian export sector clients. Domestically, there was a retraction in credit grating, a significant depreciation of the currency and a considerable decrease in the confidence level of companies and consumers, which caused a reduction in spending.

Nevertheless, the stability and evolution exhibited by the Brazilian economy in the last few years, as well as the specific characteristics of its financial system positively differentiate the country from the major world economies.

Therefore, several factors allow us to predict that although the impact of the crisis will be deeply felt by the Brazilian economy, it will likely be less dramatic than that felt on average by the world economy. Some of these factors are:

- The good capitalization conditions of the Brazilian financial system, which has no exposure to assets linked to the subprime mortgage segment as other countries do;
- The high reserve requirements for banks and the high level of prime interest rate, which provide the monetary and liquidity policy with its ongoing large-scale response capacity;
- A well-capitalized banking sector, which prevents a deeper credit contraction from materializing, especially via BNDES loans;
- Brazil's international reserves, which amounted to USD193.8 billion at the end of 2008, allowing the Central Bank of Brazil to provide hard currency so as to compensate for the sharp retraction in international funding, which particularly affects the foreign trade sector;
- The institutional solidity of the Brazilian equity and derivatives markets, which compares favorably not only to that of the so-called BRICs (an acronym for Brazil, Russia, India and China, i.e. the four fastest growing developing economies), but also to that of many developed countries. Their trade and settlement procedures have also been exemplary under high volatility market conditions;
- The low financial leverage in Brazil and the more transparent regulations, in addition to the smaller size of the OTC market;
- A falling public debt (36.01% of the GDP at the end of 2008) as a result of both a prudential fiscal policy and a policy geared to the accumulation of international reserves.

Finally, it should be noted that the current crisis is expected to produce important regulatory changes in the financial and capital markets, which should bring more transparency to OTC products and strengthen securities trading systems with a central counterparty. It is understood that during periods of instability such as those verified in the last few months, the low level of information and the counterparty risk associated with market transactions tend to increase the volatility and the overall risk. For this reason, regulatory changes will tend to make the markets less unstable and risky during uncertainty periods.

Said regulatory changes will be compatible with the standards currently adopted by the Brazilian market and by BM&FBOVESPA, whose trading systems are integrated with the equity and derivatives clearinghouses.

OPERATING PERFORMANCE

Despite the country's better conditions, the deleveraging and asset devaluation process had an impact on the BM&FBOVESPA markets, imposing a reduction in the BM&F Segment trading volume and in the BOVESPA Segment market capitalization.

BM&F Segment

Volume and Average Rate per Contract (RPC)

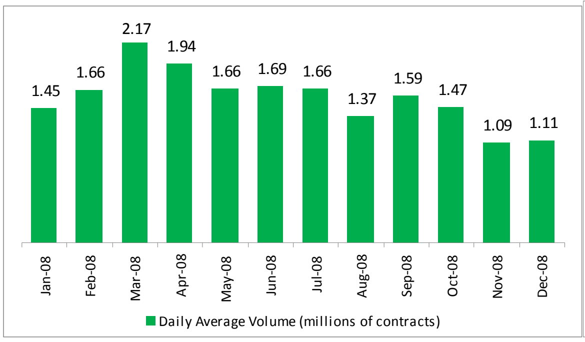
In 2008 the average daily trading volume on the derivatives markets left no room for doubting the crisis impact, mostly after Lehman Brothers collapsed in September. Trading volumes reduced due to the smaller risk exposure assumed by market participants, especially in November and December, when 1.11 million and 1.09 million contracts were respectively traded, as opposed to the average 1.54 million and 1.76 million contracts traded in the 3Q2008 in the 2Q2008 respectively.

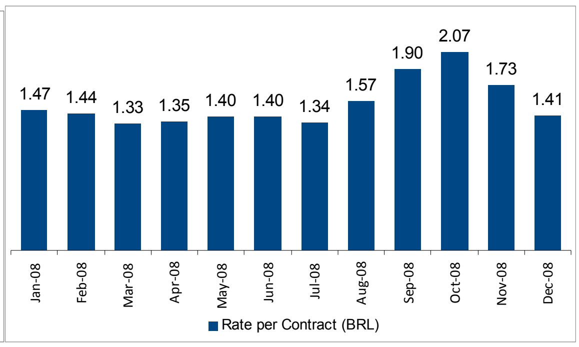
On the other hand, the new pricing policy and the currency depreciation that occurred in the second half of the year (the prices of the exchange rate, interest rate denominated in exchange rate and commodity contracts fluctuate according to the US Dollar) led the RPC to jump from 1.57 to 2.07 between August and October.

The pricing policy change for the BM&F Segment included the following stages:

- On August 25, 2008, the 5% across the board discount policy and the 25% discount for participants that held at least 10,000 BMEF3 shares was discontinued
- On November 17, 2008, a transitory fixed-discount policy was introduced, establishing a 40% discount for all participants, a 50% discount for those who trade via Direct Market Access (DMA), and a 70% discount for algorithmic traders, in order to neutralize the effects of the increase in the RPC verified after the discounts were suspended in August 2008. Moreover, alterations were introduced to the way fees were charged for some contracts, such as stock index futures, whose fees became flat;
- On February 16, 2009, a new pricing policy was introduced with progressive discount ranges by trading volume.

The new policy tends to make the BM&FBOVESPA products more competitive for participants and more adequate to market reality, in addition to boosting liquidity and attracting investors who use an electronic trading platform, notably algorithmic traders.





When comparing year-end volumes, there has been an interruption in the growth trend verified in the trading volume since 2004. The daily average reached 1,573,300 contracts in 2008, down 9.59% from 2007.

Nevertheless, the RPC rose from BRL1.22 to BRL1.53, or 24.7%, mostly due to the changes in pricing policy previously mentioned. It should also be noted that the fees applicable to all derivatives were adjusted at the end of 2007, in order to offset the PIS and COFINS taxes to which revenues are subject.

BM&F Segment – Average Daily Trading Volume

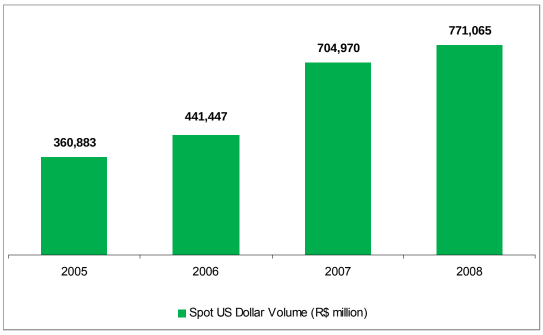
Year	Interest rates in BRL	Interest rates in USD	Exchange rates	Indices	Commodities	WebTrading	OTC	Total
2004	421,994	136,504	110,126	86,191	3,615	-	47,031	805,461
2005	501,421	87,557	167,913	73,794	3,299	4,623	13,513	852,120
2006	710,507	63,246	265,696	67,594	3,881	36,732	19,813	1,167,469
2007	988,112	87,877	472,995	111,973	10,062	57,764	11,485	1,740,268
2008	788,665	94,281	534,922	87,632	14,916	40,478	12,447	1,573,342

BM&F Segment – Average Rate per Contract

Year	Interest rates in BRL	Interest rates in USD	Exchange rates	Indices	Commodities	WebTrading	OTC	Total
2004	0.89	2.00	4.00	1.56	7.16	-	1.20	1.62
2005	0.96	1.39	2.86	1.69	5.69	0.04	1.70	1.47
2006	0.91	1.09	2.24	1.42	4.75	0.03	1.57	1.25
2007	0.95	0.97	1.86	1.50	3.19	0.05	2.11	1.22
2008	1.14	1.28	2.07	2.15	3.59	0.16	2.35	1.53

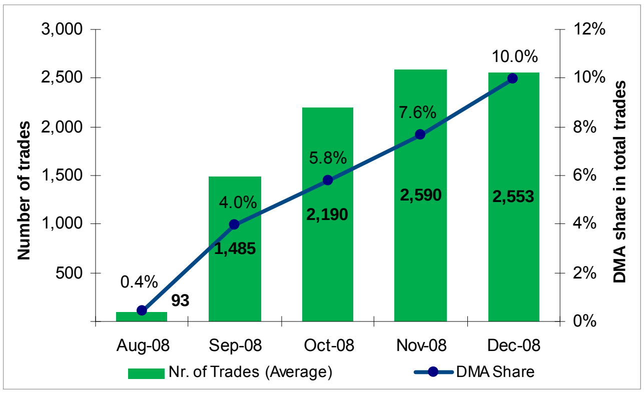
Spot US Dollar

In addition to derivatives trading, the BM&F Segment trades and settles, through the Foreign Exchange Clearinghouse, spot US Dollar transactions. In 2008 this market traded BRL771 billion, up 9.4% from 2007. This amount reflected the currency devaluation that occurred during the second half of 2008.



Direct Market Access

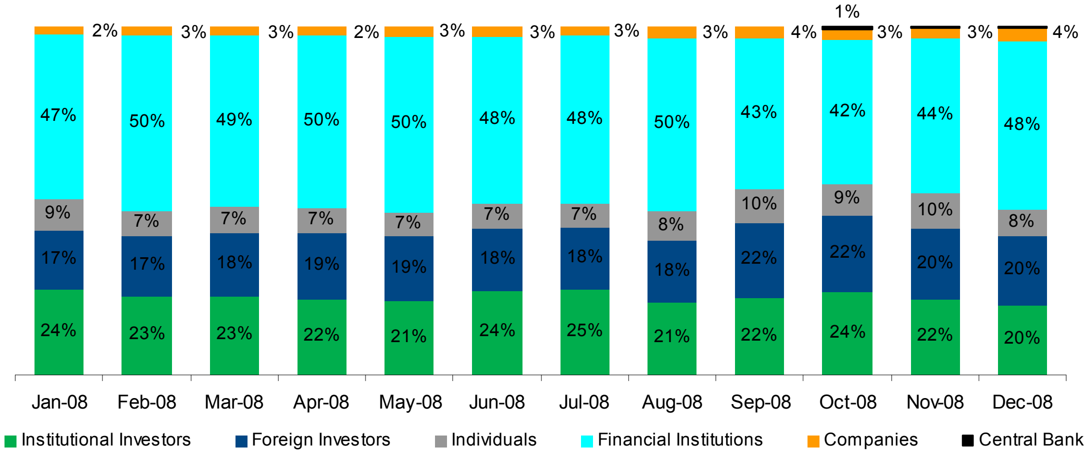
Launched at the end of August 2008, trading via DMA has displayed a strong growth, with a peak of 2,600 trades per day on average and a 10% share of the total derivatives trading volume recorded in December. This way of access, which makes trading more agile, will certainly attract new participants, such as algorithmic traders.



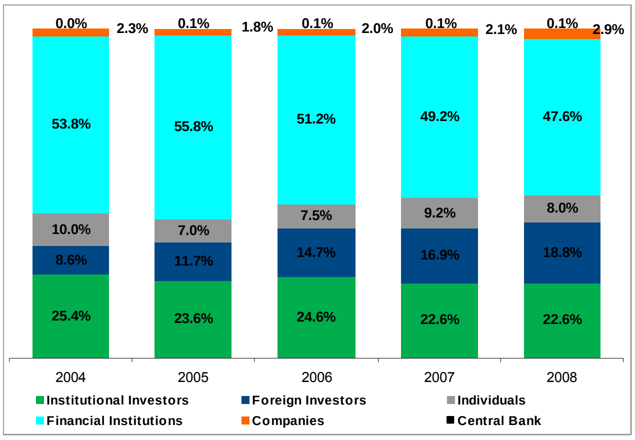
Investor Participation

In 2008 the highlight of investor breakdown per derivatives market segment showed an increase in the participation of foreign investors and companies in the trading volume.

In the comparison with 2007 figures, the average participation of foreign investors grew from 16.9% to 18.8%, while the average participation of companies grew from 2.1% to 2.9%. On the other hand, the average participation of financial institutions fell from 49.2% to 47.6% and that of individuals fell from 9.2% to 8%.



Concerning historical evolution, financial institutions maintain their lead as the major players in the BM&F Segment, responding for 47.6% of the total volume of contracts traded (53.8% in 2004). Institutional investors and foreign investors occupy the second and third positions respectively. The latter more than doubled their participation between 2004 and 2008, leaping from 8.6% to 18.8%.



BOVESPA Segment

The Brazilian stock market importance grew significantly during the last five years, without presenting any inflection points even during 2008, whose second semester was marked by a sharp market capitalization drop. The year's highlights were an increased turnover velocity[1], the growth in average daily trades, and the enhancement in individuals' participation, mainly via the Home Broker system (Internet-based trading).

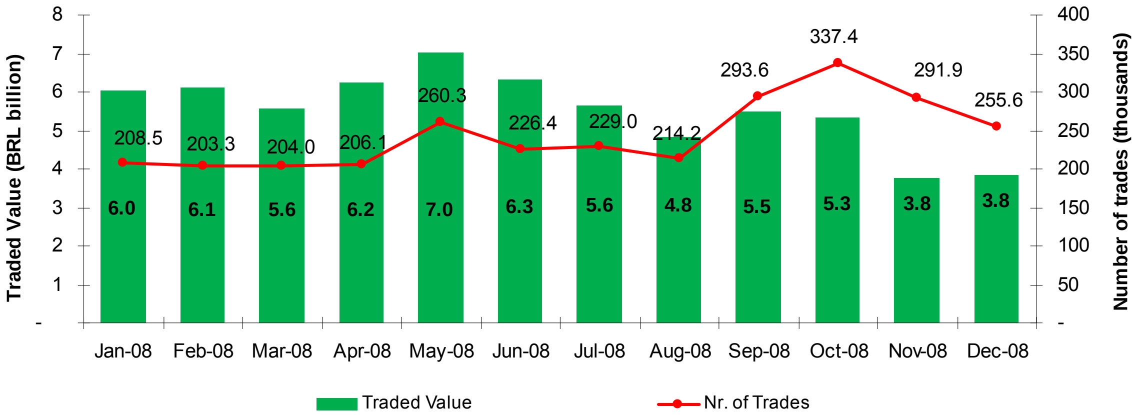
Trading and market value

In the second half of 2008 the financial crisis hit stock prices, thereby reducing the market capitalization of listed companies from July on, particularly in the fourth quarter.

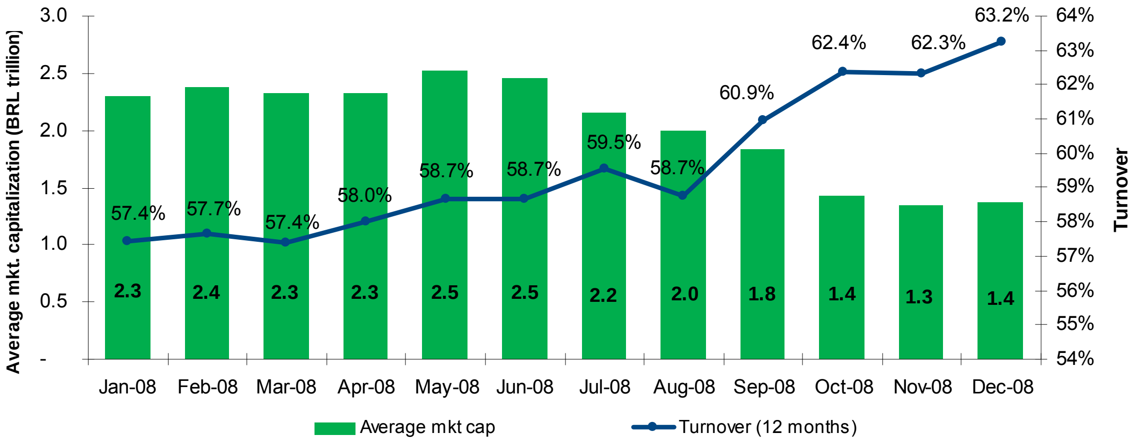
The reflections of this downfall were felt in November and December, with the average daily volume decreasing to BRL3.8 billion. Nonetheless, it was partially offset by an increased turnover velocity (average of the last 12 months) as of September, when it was 60.9% (58.7 in August), reaching 63.2% in December.

Another highlight was the sizeable growth in the number of trades over the last months of 2008, with a record of 337,400 in October. In December the daily average totaled 255,600 trades, almost the same level as that of May, when the country reached the investment grade rating.

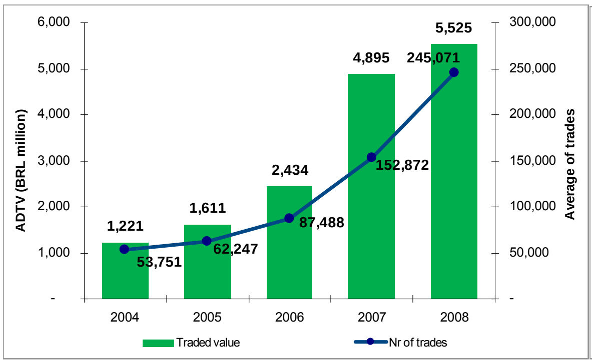
Despite the poor performance during the last quarter of the year, the average daily financial volume grew by 12.9%, from BRL4.9 billion to BRL5.5 billion. The average daily volume of trades augmented by 60.3%, from 152,900 to 245,100. During the last quarter it attained the highest quarterly average ever recorded (294,900 trades).

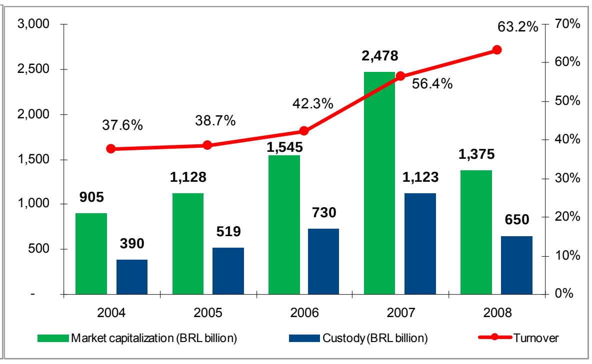


[1] Turnover velocity shows the relationship between the value traded on the cash market (in this case, the average of the 12 months preceding and including the referential month) and the market value of listed companies.



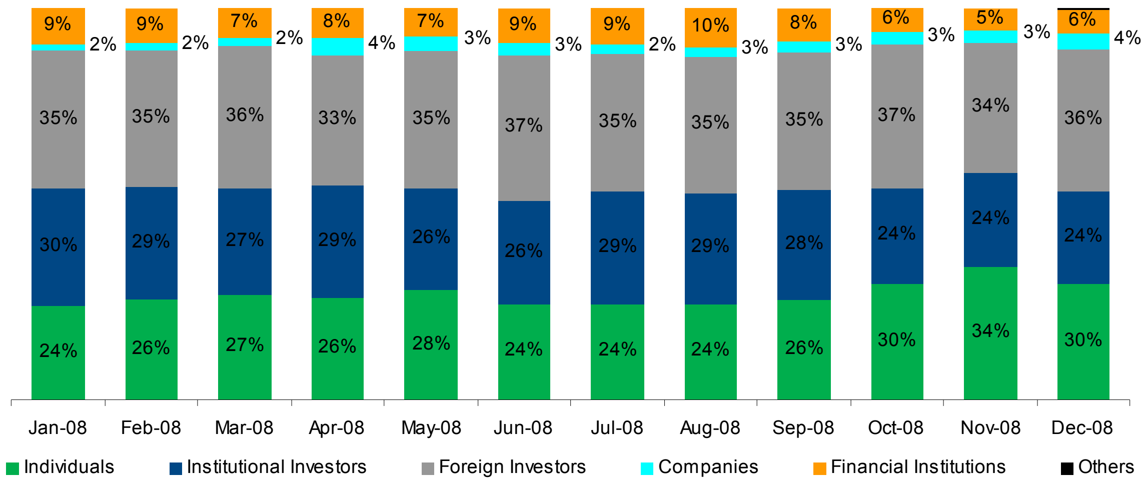
From 2004 to 2008, the stock market financial volume and number of trades presented a respective compounded average growth rate of 32.2% and 35.5%. The turnover velocity has been on the rise—from 42.3% to 56.4% in 2006 and 2007 respectively—and reaching a high of 63.2% in 2008.



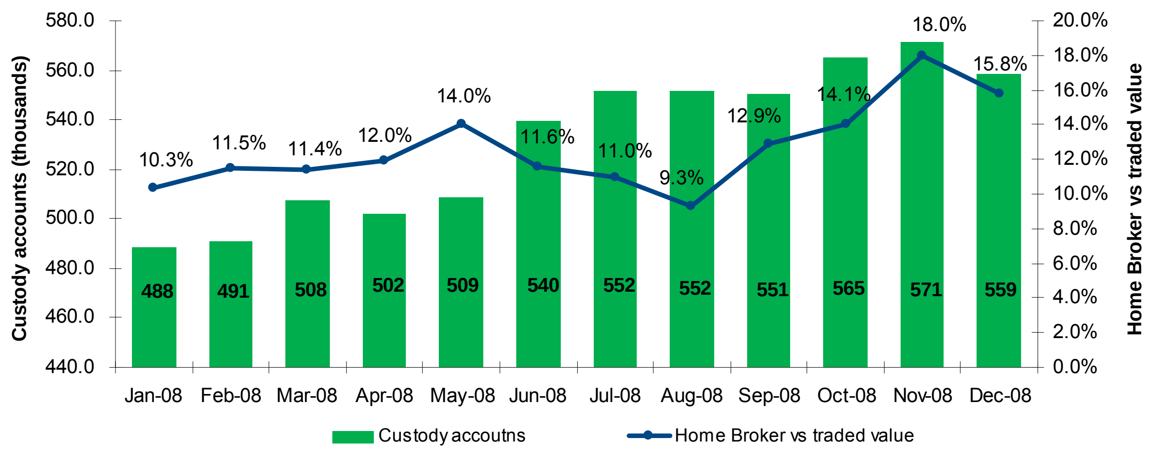


Investor Participation

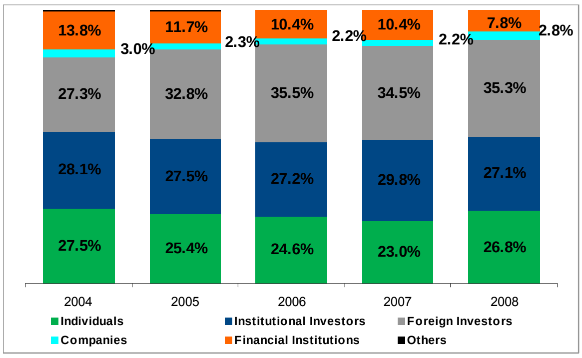
The share of individuals rose in 2008, representing 30% through 34% of the trading volume during the last quarter. The share of foreign investors remained the same: They initiated the year with a 35% participation and ended it with 36%. The share of individuals should also be highlighted between 2007 and 2008, as it changed from an average of 23% to 26.8%

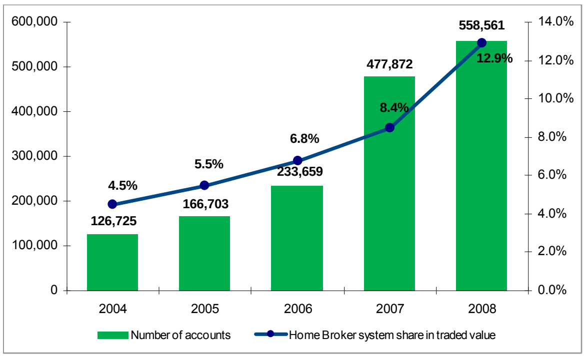


An important factor explaining the growth of individuals' participation in the traded value was the Home Broker system, which presented an upward trend, by moving from 10.3% in January to 15.8% at year-end, and attaining a high of 18% in November. The number of custody accounts also followed this trend, changing from 488,000 to 559,000, up 14.5%.



Considering the five-year period (2004 through 2008), the Home Broker system share in the traded volume jumped from 4.5% to 12.9%. The number of custody accounts also displayed a sharp increase, with a 34.5% compounded average growth rate. Concerning investors' participation, the emphasis was on foreign investors, whose share expanded from 27.3% to 35.3%.



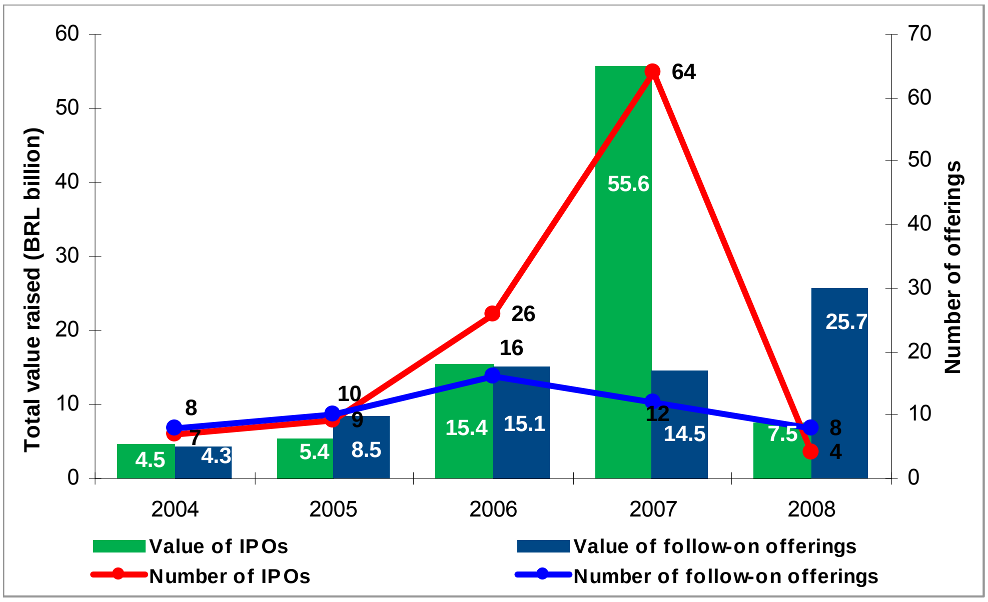


Capital Raising and Listed Companies

In 2008 four new companies started trading on the stock market and eight follow-on offerings were conducted by listed issuers, amounting to BRL33.2 billion. This figure represented a significant drop in relation to 2007, when 76 IPOs and follow-on offerings were carried out, with total proceeds over BRL70 billion.

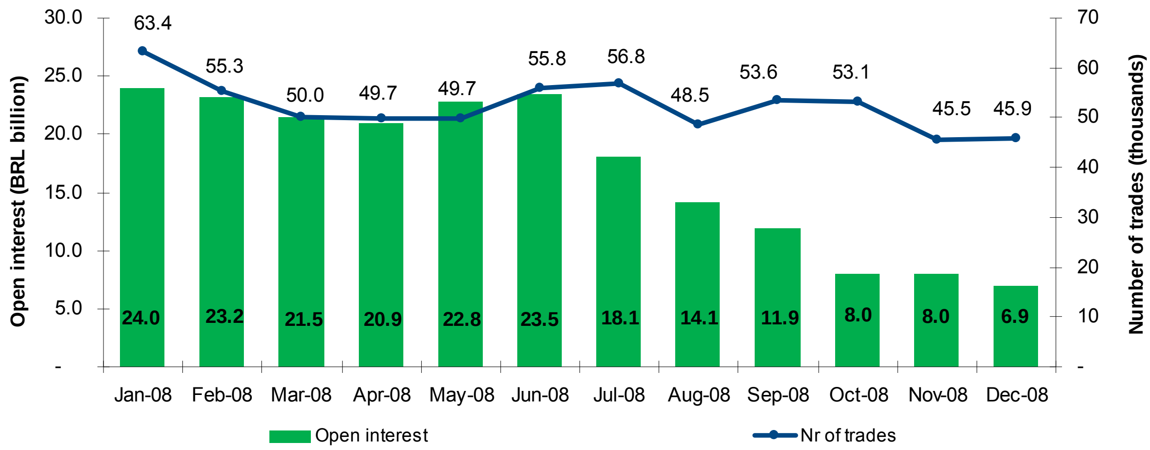
The *Novo Mercado*, which is the main corporate governance level of the BOVESPA Segment, ended the year with 99 listed companies. Added to the special governance levels (Level 1 and Level 2), they reached 160 companies. This set of companies accounted for 58.5% of the market value of the total listed companies and 67.8% of the traded value in December 2008.

Following the development and enhanced sophistication of capital market transactions as a whole, BM&FBOVESPA announced in November that it would conduct a revision of the *Novo Mercado Listing Rules* addressed to Levels 1 and 2 (they had been previously revised in early 2006). The new revision is expected to be concluded by the end of 2009.



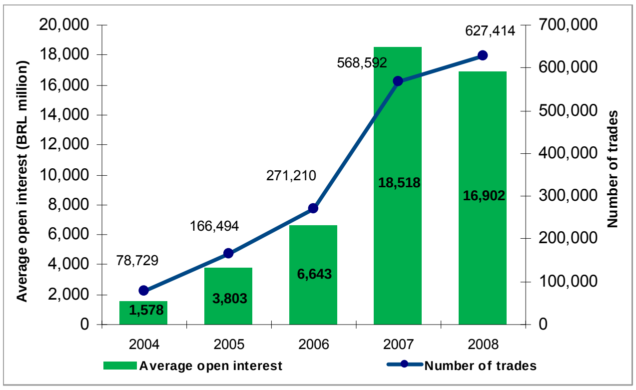
Securities Lending

Reflecting the changes in the economic environment and market prospects, open interest in the securities lending system fell significantly after June 2008, when it amounted to BRL23.5 billion, and sharply in December, when it went down to BRL6.9 billion. This was notably due to a reduction in price levels and changes to market participant strategies and expectations.



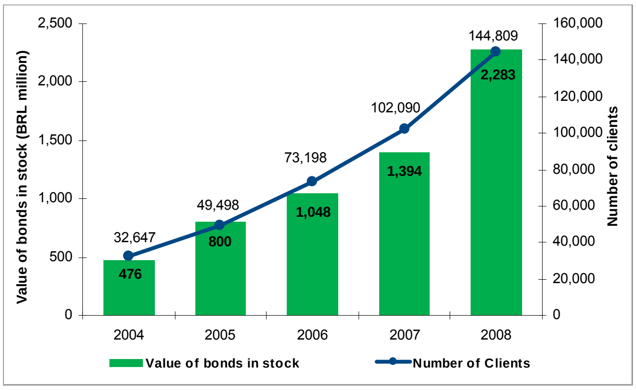
The analysis of the 2004−2008 period highlights a continuous growth in the number of trades. The average value of open interest, however, reduced between 2007 and 2008.

It is important to point out that all the trades in the securities lending system count on central counterparty services, including risk management and exposure limits for each company whose shares can be lent.



Tesouro Direto Service

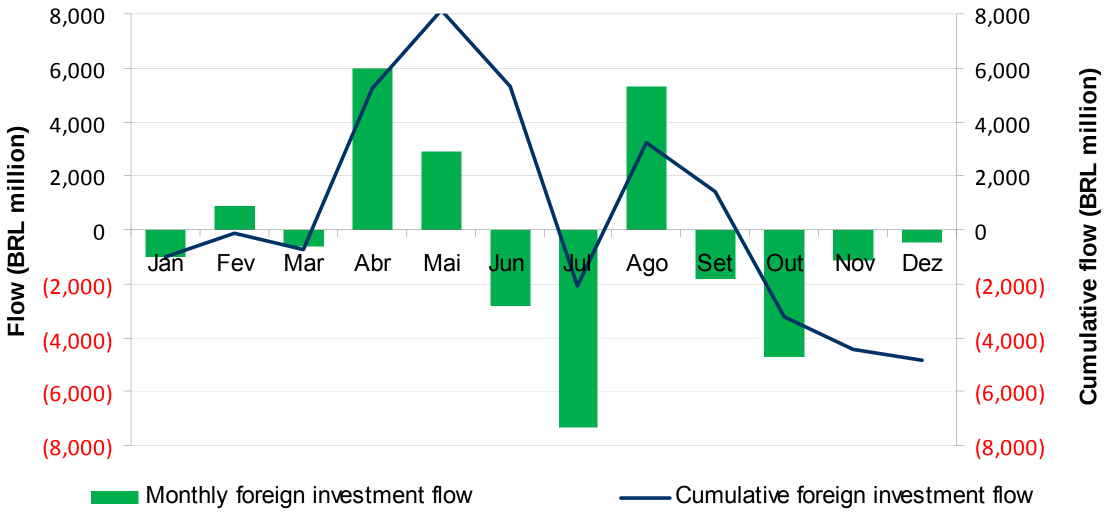
An example of a product which is in full expansion in the BOVESPA Segment, the *Tesouro Direto* service is an Internet-based system for the purchase of government bonds by individual investors that was launched by the Brazilian Treasury Department and is operated by the Company. In the



2004−2008 period, the stock of government bonds in the *Tesouro Direto* service had a compounded average growth rate of 36.8%. The number of investors increased 34.7% per annum on average.

Foreign Investment

The flow of foreign investment into the Brazilian stock market in 2008 was negative at BRL4.8 billion, which is the net balance between the IPO purchases made by foreign investors in the amount of BRL19.8 billion and the outflow of investments from BM&FBOVESPA in the amount of BRL24.6 billion. This retraction was mostly verified in the second half of the year, with July and October registering strong outflows, mirroring the international crisis and the nonexistence of primary and secondary offerings.



OTHER HIGHLIGHTS

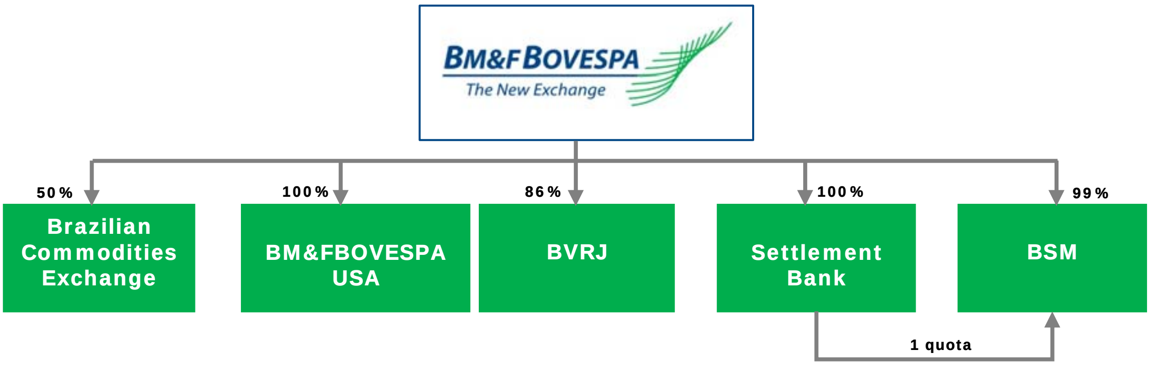
Integration

There is no doubt that the most important corporate action for the Company in 2008 was the integration between BM&F SA and Bovespa Holding SA. This process has positioned BM&FBOVESPA among the major world players in the sector, by resulting in one of the most complete and diversified stock and derivatives exchanges which is able to meet the growing challenges faced by the world capital and financial markets.

Their integration was initiated on May 8, 2008, with the relevant BM&F SA and Bovespa Holding SA shareholders' meetings being held, and formally concluded on November 28, 2008, with the shareholders' meeting that approved the merger of the São Paulo Stock Exchange (former Bovespa Holding SA) and the Brazilian Clearing and Depository Corporation (CBLC) into BM&FBOVESPA being held.

The BVMF3 ticker was first traded on August 20, 2008, after the BM&FBOVESPA registration as a publicly-held company was approved by the Brazilian Securities and Exchange Commission (CVM) on August 11, 2008. The exchange ratio for each BOVH3 (former Bovespa Holding SA) share was 1.4248 BVMF3 shares. The exchange ratio for each BMEF3 (former BM&F SA) share was 1 BVMF3 share.

As a result of this integration, the Company's corporate structure has been simplified, as follows:



Synergies

In May 2008, following the announcement of the integration of BM&F and BOVESPA, we started capturing synergies from the integration process through elimination of common activities. At that time, we established a 25% cost savings target, which we intended to achieve within a three-year period by combining the operations of what we now call the BM&F and the Bovespa segments, based on the starting point provided by the operating expenses incurred in 2007 by the two then independent companies, as adjusted for inflation.

In the course of 2008, a multitude of initiatives were taken with a view to attaining that target. The most significant effect of the actions we implemented since then was a reduction in personnel to 1,468 from 1,826 previously, as comprising both employees and third party providers, with 358 employee terminations.

Another important effect of our capturing synergies was a reduction in data processing expenses. In July 2008, we completed the migration to a low platform trading environment in the Bovespa segment, from the previous mainframe platform, which permitted terminating service agreements for software and hardware maintenance related to the mainframe platform, and represented savings of approximately R$2 million by year.

In addition, about 25 other service agreements were renegotiated and/or terminated, representing additional annualized savings of about R$3 million in 2008.

Synergies were also captured in the marketing and communications department, including through selective utilization of ongoing marketing programs, a 50% reduction in compulsory releases and publications.

In addition, certain administrative actions led to significant synergies being captured, including the renegotiation on more favorable conditions of cleaning, building maintenance and security service agreements, representing additional annualized savings of about R$3 million.

These management initiatives in 2008 accounted for an overall R$53 million reduction in annualized operating expenses.

CME Group Agreement

On February 26, 2008, the former BM&F SA shareholders approved the agreement signed between BM&F SA and the CME Group, which controls the Chicago Mercantile Exchange, the Chicago Board of Trade and the New York Mercantile Exchange (whose merger was subsequent to the date of BM&F SA shareholders' extraordinary meeting).

Under the agreement, the Company and the CME Group will work together to develop the derivatives market and establish a partnership relation with the purpose of enhancing their respective services and products.

The highlight of this agreement is the order routing between the two markets through the GLOBEX electronic trading platform, which started in early September 2008 with the North-South routing, after Commodity Futures Trading Commission (CFTC) authorization. As a result, foreign investors connected to the GLOBEX now receive the market data feed for the contracts traded in the Global Trading System (or GTS, the trading platform used by the BM&F segment) and can route orders into this system.

In continuation to order routing through the GLOBEX, the South-North part of the project was inaugurated on February 9, 2009, after CVM authorization, enabling clients connected to the GTS to send orders to the GLOBEX.

Through the agreement, BM&FBOVESPA became the holder of a 1.7% stake in the CME Group, and the CME Group became the holder a 4.9% stake in the Company.

Electronic Trading System Evolution

In 2008 the BM&FBOVESPA electronic trading systems underwent several changes and completed an important stage to insert its markets in the world financial scene and strengthen its leadership in Latin America. Through these changes the Company intends to provide improved conditions for access, market data feed distribution and connection, in addition to enhancing order routing and trading speed.

These changes have also placed BM&FBOVESPA in a better position to move toward electronification, stepping into the frontier of expertise in trading, clearing and settlement systems, in addition to providing access to algorithmic traders, who use computer programs for entering trading orders and are important liquidity providers in the more developed markets.

BM&F Segment

The electronic trading platform used in the BM&F Segment, the GTS underwent profound modifications throughout the year with an emphasis on: The complete replacement of the older software version for a new open, proprietary version; the launch of the spot US Dollar in the system; and the adoption of the Financial Information eXchange (FIX) Protocol for the exchange of messages.

These developments paved the way for an important trading model change, which was the implementation of DMA. DMA has allowed the Company to enhance its market data feed distribution capacity and to improve access conditions to its markets. The first DMA module was delivered on August 29, 2008. It has been increasingly utilized by the connected clients since then, in addition to showing a growth in traded instruments, trading and financial volumes.

Furthermore, because DMA provides trade execution with greater agility through the total electronification of trade flows, its introduction has made connection with the CME GLOBEX possible, as previously mentioned. It has also given access to algorithmic traders, who share a significant portion of international market volumes, but have only just begun their activities in the Brazilian derivatives market.

In December 2008, BM&FBOVESPA green lighted order routing via DMA providers, which are companies that usually connect to international investors through large data transmission networks.

BOVESPA Segment

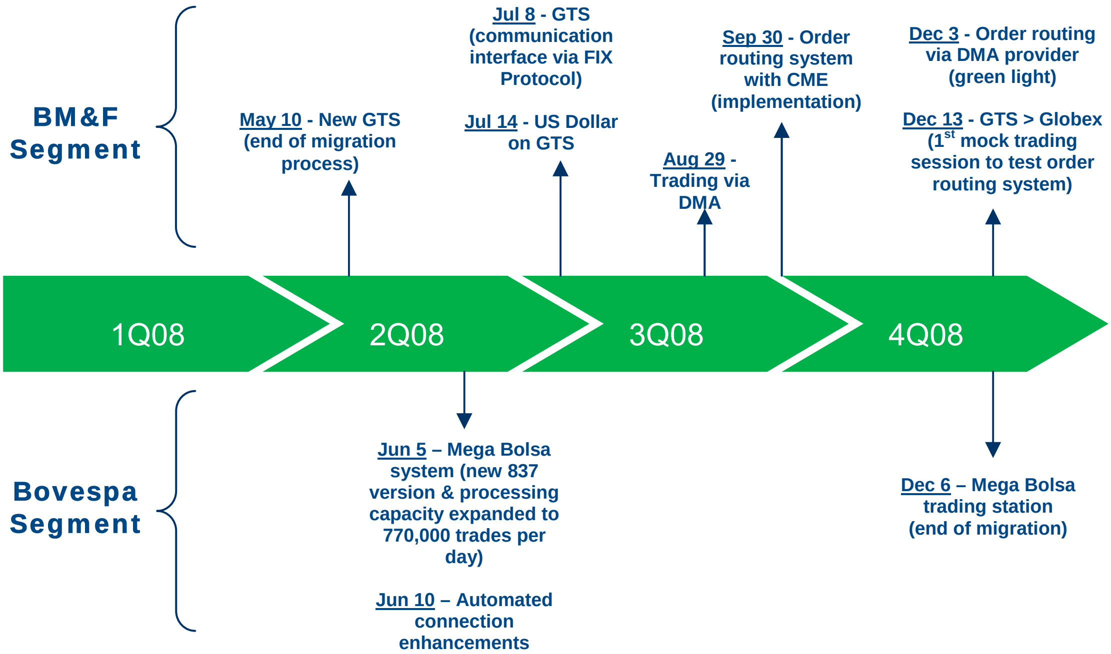
The processing capacity of the *Mega Bolsa* system has increased from 400,000 to 770,000 trades per day. Moreover, the new *Mega Bolsa* trading station - which was developed by the BM&FBOVESPA team and will replace the GLWIN terminals (trading interfaces of French origin) still used by some of the brokers by the end of the 1Q2009, was delivered to the market.

Still concerning trade processing capacity, BM&FBOVESPA will double in 2009 that of the *Mega Bolsa* system from the current 770,000 to 1,500,000 trades per day, for both the equity and equity derivatives markets, in addition to reducing trade execution latency.

New functionalities to support trading of other floating-rate securities, such as Exchange Traded Funds (ETFs), a securities lending platform and improvements in the means of access to the FIX Protocol were added to the system.

Common Developments

After integration, the Company now counts on a standout Data Center infrastructure, thereby creating the conditions for it to evolve the provision of access to trading systems.



Therefore, and with a view to attracting algorithm traders, the Company is working on a project involving co-location, which represents an access mode that will permit the physical connection of the systems of these participants with Company servers, thus reducing trade execution latency by 90%. This technology is of fundamental importance for high frequency participants to eliminate the time consumed in long distance networks, as their trade models reside closer to matching engines.

For 2009 investments in technology project development are estimated at BRL116 million, with an emphasis on: A new contingency site for BRL26.5 million; the *Mega Bolsa* system enhancement and capacity expansion for BRL18.5 million; a new SINACOR back-office system for BRL11.3 million; the financial community communications network refinement for BRL 6 million; a system for the standardization of participant registration and data routing for BRL7.8 million; and the structure of an area to be responsible for software development for BRL5 million.

The other projects will address the areas of technological infrastructure and software development infrastructure, and are estimated at BRL40.5 million.

Pricing Policy

The Company introduced sensible changes to its fee structure for both BM&F and BOVESPA Segments and other activity lines. The principal motivation behind this price revision was the implementation of a more efficient charge for each product and service, in order to achieve a fairer and more diversified revenue base which could stimulate trading and improve liquidity. For this purpose the Company sought to reduce cross subsidies (a situation whereby transaction revenues subsidize other services rendered by the Company), especially in the BOVESPA Segment, and equalize its service fees with those charged by international exchanges.

With its new policy BM&FBOVESPA intends to balance its sources of revenues by making its products more competitive for participants and more adequate to market reality, besides augmenting the portion of its revenues that is not related to transactions, such as depository services, market data, and technological access package for both market and listing participants.

Among the major changes made to its pricing policy, the following have been singled out and highlighted below:

BM&F Segment

The pricing policy change for the BM&F Segment included the following stages:

1. On August 25, 2008, the 5% across the board discount policy and the 25% discount for participants that held at least 10,000 BMEF3 shares was discontinued;
2. Between November 17, 2008, and February 13, 2009, a fixed-discount policy was in place to neutralize the effects of the increase in the average rate per contract verified after the discounts were suspended in August 2008. Also, in November 2008 alterations were introduced to the way fees were charged for some contracts, such as stock index futures, whose fees became fixed;
3. On February 16, 2009, a new pricing policy was introduced with progressive discount ranges by trading volume, which follow the evolution of the derivatives contracts traded on the BM&F Segment, with a view to boosting liquidity.

BOVESPA Segment

A new pricing policy will be introduced on April 6, 2009, which includes the following:

- Adoption of a variable charge with decreasing percent ranges, in relation to the amount of securities held in custody, applicable to all accounts with a portfolio value over BRL300,000 (except for nonresident investors);
- Reduction in the cash stock market settlement fee for both individuals and legal entities;
- A 5 basis point rebate to the fees paid by borrowers on the securities lending program to be transferred to lenders (except for nonresident lenders).

Furthermore, studies are being conducted to implement special charges to depositary receipt programs of Brazilian issuers.

Other Activities

Market data: In 2008 the Company published a new market data price list, in order to make the BM&F and BOVESPA Segment policies compatible and equalize them to the international standards, highlighting the extinction of the gradual charges that existed in both policies. The resulting alterations will become effective as of April 1, 2009.

The main modifications to the listing policy are:

- Adjustment to the minimum annual fee for issuers on the exchange-traded and organized OTC markets from BRL9,000 to BRL35,000;

- Suspension of the annual fee exemption for investment funds composed of receivables (or FIDC in their Portuguese acronym) and for ETFs/FIDC;
- Creation of the analysis fee for registration at BRL7,700 for companies benefitting from fiscal incentives and investment funds;
- Suspension of the annual fee exemption for issuers of securities other than equities whenever said securities amount up to BRL170 million.

Access package: In 2008 BM&FBOVESPA also launched a new access mode which included the conditions and requirements for current and new trading and settlement participants in the BM&F and BOVESPA Segments. The aim was to provide participants with greater flexibility, thereby allowing them to choose the focus of their operation and specialization while introducing the standardization of both segments' requirements, where applicable.

New Products

BM&F Segment

- CDS futures: Based on senior debt bonds issued by the Federative Republic of Brazil expiring in three, five and seven years, they were introduced in May 2008.
- Spot US Dollar: The Company began offering spot US Dollar transactions in the GTS in July 2008.
- Corn futures and options: Launched in September 2008, simultaneously trading the cash settled corn futures and the corn price basis futures allow for basis risk reduction.
- Market making: Initiated at 2008 year-end, the market maker program has the purpose to increase liquidity.
- Futures-style options on US Dollar: This contract has the purpose to offset options risk with the futures market, which may result in a reduction in the total collateral amount pledged by some investors, and subsequently in the transaction cost.
- Real/Euro futures: Launched jointly with the CME on February 6, 2009, the Real/Euro futures contract facilitates the access of Brazilian and European companies with branches in Brazil to the protection mechanisms for currency variation, in addition to significantly contributing to reduce the Brazilian FX market volatility. Trading a Real/Japanese Yen futures contract will follow suit.

BOVESPA Segment

- *Bovespa Mais* segment: First listed in February 2008, this special OTC market segment is addressed to the companies, specifically small and medium-sized, that seek a progressive access to the capital markets.
- New indices: Two new equity indices were introduced at the end of August 2008: the MidLarge Cap and the SmallCap; whereas the Consumption Index (ICON) and the Real Estate Index (IMOB) were first calculated and published in January 2009.
- New ETFs: In a joint effort with the Barclays Bank SA, three new ETFs, the iShares Ibovespa, the iShares MidLarge Cap and the iShares SmallCap, started trading in December 2008.

Profit Distribution and Share Repurchase Program

In 2008 the BM&FBOVESPA Board of Directors resolved to pay BRL431,598,419.45 in dividends and interest on equity (IOE), with BRL292,222,000.00 paid in 2008 and the remaining BRL139,376,419.45 to be paid by April 15, 2009.

In addition, and before their integration, in March BM&F SA decided to pay IOE of BRL20,539,417.12, whereas in April Bovespa Holding SA decided to pay IOE of BRL23,443,737.10, to be attributed to the mandatory dividends.

The table below details the interest on equity and dividends approved for 2008:

Company	Type of event	Date	Fiscal year	Amount (BRL	Gross value per share (BRL)	Net value per share (BRL)	Shareholders' position (base date)	Payment date
BM&F SA	IOE	BDM Mar 25, 2008	2008	20,539,417.12	0.02032024	0.01727221	Mar 28, 2008	Apr 15, 2008
Bovespa Holding SA	IOE	BDM Apr 17, 2008	2008	23,443,737.10	0.03310	0.028135	Apr 22, 2008	Apr 30, 2008
BM&FBOVESPA	IOE	BDM Aug 14, 2008	2008	149,203,000.00	0.072995	0.0620457	Aug 25, 2008	Sep 2, 2008
	Dividends	BDM 14/08/08	2008	143,019,000.00	0.0699696	0.0699696	Aug 25, 2008	Sep 2, 2008
	IOE	BDM Dec 19, 2008	2008	139.376.419,45	0.069307	0.058911	Dec 30, 2008	By Apr 15, 2009

On September 24, 2008, the BM&FBOVESPA Board of Directors approved the implementation of a share repurchase program allowing the Company to acquire up to 71,266,281 shares of its issuance, which then represented approximately 3.5% of its free float.

By the end of February 2009, the Company had already repurchased 45,686,000 shares, at the average price of BRL5.85, according to the following table:

Month	Quantity of shares	Average price (BRL	Total (BRL)
September 2008	757,800	7.92	6,001,650.00
October 2008	5,183,400	7.52	38,983,565.10
November 2008	9,456,300	4.76	45,004,740.00
December 2008	18,793,700	5.44	102,207,863.11
2008 total	**34,191,200**	**5.62**	**192,197,818.21**
January 2009	9,288,300	6.46	60,031,758.37
February 2009	2,206,500	6.79	14,992,125.06
Total	**45,686,000**	**5.85**	**267,221,701.64**

By the end of February of 2009, 1,288,500 shares had been used to meet the former BM&F SA's Stock Option Plan, which was taken over by the Company in conformity with the resolutions adopted by the Shareholders' Extraordinary General Meeting held on May 8, 2008.

Share Performance (BVMF3)

The BM&FBOVESPA share was first traded on August 20, 2008, with ticker BVMF3. In the 4Q2008, it was already the seventh most actively share traded on the Brazilian market, representing 3.4% of the total traded on the round lot cash market. Considering the initial trade date, the annual turnover was 267%, with an average 21.9 million shares traded daily.

BM&FBOVESPA Share Performance (BVMF3)

Month	Daily average			Average price	Month-end price
	Trades	Traded shares	Volume (BRL million)		
Aug 2008[1]	4,955	11,303,800	137.0	11.76	12.44
Sep 2008	10,211	24,173,182	220.2	9.38	8.50
Oct 2008	11,493	26,757,335	166.6	6.60	5.79
Nov 2008	9,137	20,001,621	162.7	5.16	5.15
Dec 2008	8,458	21,735,060	163.7	5.59	6.02

[1] As of August 20.

Additionally, the BM&FBOVESPA share was included in the portfolios of the following equity indices: Bovespa Index (Ibovespa); Brazil Index-50 (IBrX-50); Brazil Index (IBrX); Special Corporate Governance Stock Index (IGC); Special Tag Along Stock Index (ITAG); and the MidLarge Cap Index (MLCX) launched on August 29, 2008.

ECONOMIC AND FINANCIAL PERFORMANCE

Net Income

In 2008 BM&FBOVESPA posted a net income of BRL645.6 million. It should be noted that nonrecurring expenses reached BRL129.6 million, regarding mainly the integration process between BM&F SA and Bovespa Holding SA. The expenses related to the proportional amortization of goodwill resulting from the incorporation of the Bovespa Holding SA shares, in the amount of BRL324.4 million, were apportioned to income.

The operating margin reached 54.5% and the EBITDA margin was 56.7%, whereas the net margin was 40.3%.

Revenues and Expenses

The consolidated gross revenue totaled BRL1,783.4 million, to which the BOVESPA Trading and Settlement System contributed with BRL1,050.8 million, or 58.9%, and the BM&F Trading and Settlement System contributed with BRL634.2 million, or 35.6%.

Other operating revenues generated BRL98.3 million, which included market data vending in the amount of BRL43.4 million, and dividends from equity interests held by the Company in the amount of BRL20.6 million.

The highlights were the combined revenues from the BOVESPA Trading and Settlement System, which reached BRL894.4 million, or 50.2% of the total, and the BM&F derivatives trading segment, which reached BRL622.9 million, or 34.9% of the total. Therefore, 85.1% of the revenues derived from trading and settlement on the equity and derivatives markets. Revenues were subject to overall taxes of BRL181.3 million, or approximately 10.2% of the gross operating revenues.

The consolidated operating expenses totaled BRL723.7 million, which suffered the impact of the integration process between BM&F SA and Bovespa Holding SA, in the amount of BRL129.6 million. Personnel, data processing and third-party services accounted respectively for 59.8% of the total expenses.

Financial Income

The financial income was BRL306 million in 2008, arising from revenues of BRL364.9 million and expenses of BRL58.9 million. Financial revenues resulted mainly from remuneration of the cash managed by BM&FBOVESPA, which reached BRL2.4 billion on December 31, 2008, whereas financial expenses comprise the following items:

- Tax on financial operations (IOF) and banking interest applicable to the loan contracted by the former BM&F SA, in order to pay a special dividend to the shareholders of the former Bovespa Holding SA as part of their integration process;
- Foreign exchange variation applicable to bank accounts managed abroad;
- Expenses involving settlement and custody services utilized by the Settlement Bank;

Income Tax, Social Contribution and Amortization of Goodwill

On the year ended December 31, 2008, income before taxes was BRL859.9 million. This amount resulted in the collection of BRL331.9 million as income tax and social contribution, and also enabled the creation of deferred tax credits, totaling BRL119.1 million, arising from:

- The amortization of goodwill resulting from the incorporation of the Bovespa Holding SA shares by BM&FBOVESPA during the period from May through November 2008;
- The utilization of the Bovespa Holding SA tax loss, up to the date of its merger into BM&FBOVESPA;
- The temporary additions to and exclusions from the taxable income calculation.

In view of the above-referred amounts, the actual tax rate for 2008 was 24.7%.

Assets

In 2008 BM&FBOVESPA total assets in the consolidated balance sheet reached BRL20,430.1 million, with BRL2,414.2 million corresponding to cash and financial investments, or 11.8%.

Permanent assets totaled BRL17,655.8 million, with BRL1,318.3 million in investments, BRL247.8 million in fixed assets and BRL16,089.6 million in intangible assets.

Liabilities and Shareholders' Equity

In the total liabilities account, 5.3% were represented by current liabilities, which amounted to BRL R$1,075.7 million basically referring to cash collateral posted by customers (BRL586 million) and provision for dividends and interest on equity payable (BRL195 million).

Long-term liabilities, which basically referred to provisions for contingencies, totaled BRL46.7 million on December 31, 2008, or 0.2% of the total liabilities.

On December 31, 2008, shareholders' equity totaled BRL19,291.7 million. This amount included the capital of BRL2,540.2 million (12.4%), the capital reserve of BRL16,606.9 million (81.3%), the revaluation reserve of BRL24.1 million (0.1%), the bylaws reserves of BRL302.9 million (1.5%), the legal reserve of BRL3.5 million (0.02%), and finally the treasury shares' reducer account, as the result of the share repurchase program of BRL185.9 million.

SUBSIDIARIES

Rio de Janeiro Stock Exchange

The Rio de Janeiro Stock Exchange (BVRJ) is an inactive stock exchange. It has signed a memorandum of understanding with the Rio de Janeiro State Government, aiming at suggesting alternatives for the strengthening of Rio's financial sector.

Brazilian Commodities Exchange

Through the Brazilian Commodities Exchange, BM&FBOVESPA enables the commercialization of agricultural products and offers services for the public sector by means of its electronic auction system and for the private sector by means of the private system for the acquisition of goods and services.

Performing a key role in the auctions of the National Food Supply Company (CONAB), the Brazilian Commodities Exchange registered a financial volume of BRL1.038 billion in this segment, with 4.1 metric tons of commodities traded. The transactions carried out in the coffee auctions held by the Ministry of Agriculture amounted to BRL33 million. Transactions involving physical products and the registration of OTC contracts totaled BRL2.77 billion.

Settlement Bank

With the purpose of addressing the needs of its clients and to the specific requirements of its markets, BM&FBOVESPA provides the holders of access rights and its Clearinghouses, through its wholly-owned subsidiary *Banco BM&F de Serviços de Liquidação e Custódia SA*, with a centralized custody service for the assets pledged as collateral for transactions.

BM&F USA Inc.

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.

EXTERNAL AUDIT

Under the terms of CVM Instruction 381, of January 14, 2003, the Company and its subsidiaries have retained PricewaterhouseCoopers to provide auditing for their financial statements.

The policy that governs the engagement of external audit services by the Company and its subsidiaries is based on internationally accepted accounting principles which preserve service independence and include the following practices: (i) The auditors cannot hold executive and managerial functions at the Company and its subsidiaries; (ii) the auditors cannot perform operating activities at the Company and its subsidiaries that could compromise the auditing function; and (III) the auditors must be impartial, in order to avoid conflicts of interest and loss of independence, and objectivity in their opinions and reports about the financial statements.

In 2008 the independent auditors and related parties provided external audit-unrelated services that reached more than 5% of the total fees paid to external auditing.

In order to meet the provisions of CVM Instruction 381, the other services rendered and the dates they were contracted for are listed below:

- June 19, 2008, services for the evaluation of the service levels contracted from Primesys/RCCF. The contracted amount was BRL215,600 (16.5% in relation to the external audit contract).
- July 2008, review services for the business and operational model of the Futures Commission Merchant project. This contract was valued at BRL845,300, (64.9% in relation to the external audit contract). The Company paid BRL754,500 In 2008 (57.9% in relation to the external audit contract).

The operations policy that guides the engagement of external audit-unrelated services to be rendered by the independent auditors is based on applicable regulations and internationally accepted principles which preserve service independence. These principles include the following practices: (a) The auditors cannot audit their own work; (b) the auditors cannot hold managerial functions at their client: and (c) the auditors cannot promote their client’s interests.

Independent Auditors’ Justification – PricewaterhouseCoopers

The provision of other professional services which do not related to external audit, as described above, does neither affect the independence nor the objectivity in the external audit examinations that were carried out. The operations policy governing the provision of external audit-unrelated services to the Company is based on the principles of independence of the Independent Auditors, which have all been met during the provision of said services.

HUMAN RESOURCES

Since the Company's core business relies mainly on people, it regards the maintenance of a team excellence as a strategic priority. Aiming to ensure the preservation of long-term competitiveness, the Company is continually striving to promote the professional and personal growth of its staff members. At the end of 2008, as a result of the integration between the former BM&F SA and Bovespa Holding SA, the Company staff consisted of 1,168 employees and 79 trainees.

The Company seeks to adequately compensate the skills and responsibilities of its professionals by adopting a compensation policy that is compatible with the marketplace and monitored through salary surveys conducted with the support of specialized consultants. The compensation policy has two staff recognition mechanisms: A short-term mechanism through a bonus program and a long-term mechanism through a stock option program. In 2008 the Company granted both a special short-term bonus, due to the companies' integration, and a stock option program, which altogether included about 350 people.

The Company also provides all of its employees with medical and dental care, life insurance, and a private pension plan. It also maintains the Occupational Health and Medical Control Program, through which clinical, occupational and speech-language pathology services are provided and vaccination campaigns are conducted for the prevention of influenza, nutritional deficiencies, postural problems, high cholesterol, high blood pressure, diabetes and obesity, among others.

Together with other entities, the Company sponsors the MERCAPREV private pension fund, which is a defined contribution retirement plan. The total contributions made to this fund reached BRL2.8 million in 2008.

Also in 2008 the Company made an investment of BRL153,027.72 in staff training. In addition, it maintains a regular intern program that enables student interns to experience day-to-day market activities and receive additional university course credits. In 2008 a total of 165 students took part in this program at the Company, with 79 active student interns at year-end.

In order to further improve the qualification of the Brazilian capital market professionals, the Company also offers continual training and recycling programs for brokerage house professionals. In turn, the Company's education incentive program, which provides staff members with financial assistance to help fund their academic and professional development, benefitted 106 graduate level employees and 72 postgraduate level employees. The number of participants enrolled in English and Spanish language courses reached 166 employees.

RISK MANAGEMENT

BM&FBOVESPA manages the clearinghouses from former BM&F SA and Bovespa Holding SA (former CBLC): the Derivatives, Foreign Exchange, Securities, and Corporate Floating-Rate and Fixed-Income Clearinghouses. These clearinghouses, which are considered systematically important by the Central Bank of Brazil, act as central counterparty (CCP) for the derivatives market (futures, forwards, options and swaps), the foreign exchange market (spot US dollar), the federal government bond market (spot and forward transactions, repos and securities loans), and the corporate floating-rate (equities, equity derivatives) and fixed-income markets.

By acting as the buyer to all sellers and the seller to all buyers, the major function of a CCP is assume the counterparty risk and ensure proper settlement for all trades. To this end, the principal activities of a CCP include calculation, control and mitigation of the credit risk posed by the participants that utilize its settlement systems. Should a participant fail to make the payments due or to deliver commodities, assets or securities, the CCP will resort to its safeguard mechanisms, which may include BM&FBOVESPA's own equity eventually.

In order to mitigate the assumed risks, 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 related to the settlement failure of one or more participants.

Risk management occurs on each market through margin calls, which are required from all participants, with each Clearinghouse establishing the stress scenarios applicable to the risk it has assumed, as defined by the BM&FBOVESPA Risk Committee.

Risk assessment occurs on a daily basis. The derivatives market segment also counts on the intraday risk system, which is capable of measuring the updated risk exposure of its participants several times during the day, by adding their new transactions to their portfolios.

Due to the intradaily frequency of risk assessment, the Derivatives Clearinghouse is able to require agilely additional margin call from its participants, which contributes in a decisive manner to the mitigation of its credit risk.

The table below shows the collateral position of participants in each Clearinghouse. The strong share of federal government bonds should be noted at the two major clearinghouses (Derivatives and Corporate Floating-Rate and Fixed-Income).

Base date: December 31, 2008		
Clearinghouse	**Pledged Collateral** BRL billion	**Used Collateral** BRL billion
Derivatives	**99.0**	**79.6**
Government bonds	89.8	75.6
Letters of credit	3.7	1.5
Other collateral*	5.5	2.5
Corporate Floating-Rate and Fixed- Income	**21.5**	**10.5**
Government bonds	10.2	5.7
Equities	9.1	3.4
Other collateral*	2.2	1.4
Foreign Exchange	**3.7**	**1.0**
Securities	**1.4**	**0.1**
BRL TOTAL	**125.6**	**91.2**

* Collateral posted in equities, private banking securities, gold, cash and fund shares.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

BM&FBOVESPA Institute for Social and Environmental Responsibility

The Institute's mission is to promote democracy and private investment in social and environmental responsibility projects. This is done through programs and projects linked to education, culture, social services and environment preservation.

Special attention is addressed to education, particularly child and youth education. This is the best way to foster the necessary social and economic changes that are needed for the construction of a society with greater respect for human rights and better living conditions for all people.

In this context the Institute's initiatives aim to:

- Reinforce and complement formal education;
- Provide young people with professional skills;
- Spread democratic values;
- Preserve and recuperate the environment;
- Promote sports practice as an instrument for human development;
- Create ways for stimulating companies and the civil society to participate in these activities.

The "Grade 10 Human Rights Program," a cultural contest launched to celebrate the 60 years of the Universal Declaration of Human Rights, is among the 2008 highlights. Geared to junior and high school students from the State Government educational system, the program involved the elaboration of literary works (short stories and poetry) and plastic artwork based on the human rights concept.

A fund raising from individuals and companies for NGO projects listed in the Social and Environmental Exchange (BVSA) was also noteworthy. The total funds raised, BRL2.2 million, were directed to several social and environmental projects throughout Brazil. BVSA, a program which is recognized by the United Nations as a standard to be implemented in other countries, brings together investors interested in contributing to the improvement of the country's educational system and environment.

APBM&F Job Training Association

The APBM&F job training association is committed to promoting social inclusion through initiatives that not only address immediate needs, but even more importantly ensure a better future for thousands of youngsters. APBM&F offers three programs, *Employment Capacitation*, *Do-it-All* and *Beauty Parlor*. In 2008 more than 400 students took part in these programs.

Political campaign donations

Political campaign donations in 2008 amounted to R$ 2.6 million and were aimed to the financing of local electoral campaigns related to the election polls of October 2008. These campaign contributions were made in accordance with applicable electoral legislation.

INSTITUTE OF EDUCATION

Responsible for all the training and qualification actions involving the BM&FBOVESPA markets, the Institute of Education provides to the general public, as well as the professionals from the financial market and regulatory bodies, with a high standard of excellence in all of its introductory, specialization and postgraduate courses, with an average annual enrollment of 2,800 students.

The library for the Institute of Education has more than 5,000 titles in its collection. The Market Information Center provides researchers, teachers and students with free research services.

BM&FBOVESPA also sponsors classrooms in several educational institutions, in order to approximate the academic community to the capital and derivatives markets. Highlighted here from among those institutions are: the Getúlio Vargas Foundation (FGV), the São Paulo University (USP), the Armando Álvares Penteado Foundation (FAAP), the Campinas University (FACAMP), IBMEC, and the Pontifical Catholic University (PUC).

The Institute of Education, which is the main center for the dissemination of derivatives markets in Latin America, enrolled 4,000 students for its classrooms and online classes in 2008. It also launched new courses covering the principal activities currently taking place throughout its markets. In 2008, 119 students graduated from the MBA in Derivatives and MBA in Pricing and Risk courses. Both programs are recognized by the Brazilian Ministry of Education.

ATHLETICS CLUB

O BM&FBOVESPA Athletics Club, which is the major athletics club in Brazil, consists of 100 athletes for the different track-and-field sports (sprints, middle and long distance races, jumping events and throwing events) and a technical training team. Some of the country’s top athletes belong to the Club, such as Marilson Gomes dos Santos, Fabiana Murer, Vanderlei Cordeiro de Lima, Carlos Chinin, Tânia Spindler, and Fabiana Cristine. Among the Club’s priorities are the continual inclusion and development of promising young Brazilian athletics

Support for track-and-field was initiated in 1988, when the Company decided to sponsor this sport through the *Olympic Gold Award*, which was created to honor and encourage Brazilian medal winners in the Olympic Games through the presentation of gold bars.

The Athletics Club was created by the Company in 2002. Track-and-field was chosen because it is a sports modality which represents an opportunity of social and economic development for many underprivileged youngsters. It also remains the area of sports which receives the least amount of support from the Brazilian private and public sectors.

Among the athletes' main achievements in 2008 long jumper Maurren Maggi became first-ever Brazilian women's athletics Olympic gold medalist in Beijing; long distance runner Marílson Gomes dos Santos became a two-time winner of the New York City Marathon; and the BM&FBOVESPA Athletics Club became a seven-time winner of the Brazil Athletics Trophy tournament.

In order to be able to compete with the world's best athletes, the BM&FBOVESPA Athletics Club team members receive a monthly allowance defined by the Special Club Committee, transportation and a complete uniform.

In 2008 the Club's general expenses, which include expenses with the athletes, the technical committee and administrative expenses, reached BRL3.3 million—BRL3.1 million in 2007. The Club counts on its own budget and is financed by the funds allocated in 2007 prior to the IPO of the former BM&F.

MARKET POPULARIZATION AND EDUCATIONAL PROGRAMS

BM&FBOVESPA SA − Securities, Commodities and Futures Exchange develops various promotional and educational programs to popularize its markets and explain its role in trading products like equities, funds and futures contracts. In 2008 the total number of individual visitors was 78,305 and the total number of service consultations reached 21,683.

Among the main dissemination programs the highlights were:

- *BM&FBOVESPA Where You Are project*: This initiative was developed in 2002 with the purpose of providing the public with information about the exchange-traded markets. This program, which includes visits to universities and factories, as well as the participation in fairs, expositions and other places where a large number of people converge, including summer beaches, has already reached about half a million people throughout Brazil in over 5,000 events, originating 3,000 investment clubs—800 in 2008;
- *Women in Action*: This program focuses on familiarizing women with capital market concepts. The program has already been attended by over 30,000 women in 13 Brazilian states. In 2008 nine courses were held for 235 participants;
- *BM&FBOVESPA Where You Are project—Agribusiness*: This is the most recent module of the popularization program, through which visits are made to the main Brazilian agribusiness cities to spread information about the Company markets. In 2008 the basic concepts of the derivatives, futures and equity markets were explained to over 2,000 participants through ten events, and questions were answered to over 2,800 people through the *Exchangemobile* program.

In terms of educational programs, the Company has developed several activities to inform and educate potential investors. Giving priority to children, teenagers and college students, these activities included monitored visits to the BM&FBOVESPA Cultural Space, regional lectures, student contests and partnerships with educational institutions.

The interest in knowing the equity and derivatives markets by Brazilian individuals continued to rise in 2008. Over 400,000 people have participated in the courses, lectures and monitored visits provided by BM&FBOVESPA.

There are other programs that foster interest in the Company markets, including the following:

- *Educar*: This is a financial education program that promotes courses on how to manage one's personal finances, being addressed to different age groups. Since the program was launched in 2005, it has been attended by over 90,000 people—30,000 in 2008;
- *BM&FBOVESPA Challenge*: This program was created in 2008 to disseminate market and financial education concepts among junior and high school students from private schools. It has been attended by 6,659 participants since 2006;
- *Folhainvest Simulator*: This is an online simulator that was developed ten years ago in partnership with the newspaper *Folha de S. Paulo.* It provides participants with the opportunity of experiencing practical market situations by managing a virtual equity portfolio. In another successful year 303,000 participated in the 2008 program;
- *BM&FBOVESPA Simulator*: This is a system that allows for trading coffee, live cattle, soybean, US Dollar and Ibovespa mini contracts. According to their profiles, participants select the market where they wish to trade. The BM&FBOVESPA Simulator had over 33,000 users at the end of 2008.

MARKET OMBUDSMAN

Implemented in April of 2001, the major purpose of the Market Ombudsman service is to address investor demands relating to the trading, settlement and custody processes, which may generate a conflict between investors and market agents accredited by the Company, for which it will seek a consensual resolution. The Market Ombudsman service is very relevant in view of the increasing popularization of the stock market in Brazil.

Technological innovations, such as the Home Broker system services, have paved the way for the democratic access to the stock market. At the same time, beginners may have questions have about the trading, custody and settlement processes of the transactions performed at the Company. If these questions are not properly addressed, they may generate conflicts with market intermediaries. These conflicts may range from any failure and/or irregularity in an order execution or settlement to an investor's simple misinformation about the important aspects that are involved in a trade. In 2008 the Market Ombudsman service received 3,365 inquiries, up 23.3% from 2007.

BM&FBOVESPA MARKET SUPERVISION (BSM)

BSM is a not-for-profit association which is responsible for reviewing, supervising and monitoring the transactions and activities of trading participants and agents that provide clearing/settlement and/or custody services and trade on the exchange-traded and OTC markets managed by Company.

Its main powers and duties include:

- Supervise and monitor the fulfillment of the regulations issued by the regulatory and self-regulatory bodies to which participants and agents, by virtue of their activities at BM&FBOVESPA, the Company's operational areas, regarding the transactions carried out through its systems, and the issuers of listed equities and securities are subject;

- Establish administrative proceedings as the result of evidences of irregularities against participants and agents, as well as their managers, employees, brokers and representatives;
- Manage the Investor Compensation Mechanism (MRP), whose purpose is to ensure investors of the refund for any losses arising from the activities of market intermediaries' or custodians' managers, employees and representatives in securities transactions;
- Resolve the complaints submitted by investors to the MRP, under the terms of the regulations set forth by the CVM;
- Supervise fully the trading of the BM&FBOVESPA shares, in order to guarantee its compliance with the requirements prescribed in the rules applicable to the other issuers.

BSM was created following the international supervision and monitoring standards for exchange-traded markets. It is managed by the Self-Regulation Officer and by the BSM Supervision Board, consisting of a majority of independent members.

CORPORATE GOVERNANCE

The Company is managed by the Board of Directors consisting of 11 members, who include a majority of independent directors, as provided for in its Bylaws, and by the Executive Board consisting of 6 members.

The Company integrates the more rigorous listing segment in terms of BM&FBOVESPA's corporate governance requirements—the so-called *Novo Mercado* segment, whose rules include the issuance of common shares only and the tag along right.

In addition to the Board of Directors, which meets on a regular basis every month, the Company also counts on the Audit Committee, the Nomination and Compensation Committee, and the Regulatory Committee, which assist the Board of Directors' activities.

The Company Bylaws also authorizes the constitution of a corporate governance committee, which will consist of the chairperson of the Board of Directors, the Chief Executive Officer, two other Directors, and the two external members.

Among other powers and duties, this committee will: (i) Promote and control the adoption of good corporate governance practices; (ii) preserve ethical and democratic values, diligently providing the markets controlled managed by the Company and its controlled companies with transparency, visibility and access; and (iii) review and recommend strategies which preserve or add value to the Company's institutional image.

OPERATIONAL RISK MANAGEMENT

Amongst the risk management actions implemented in 2008, it is worth highlighting three initiatives: Adoption of a Unified Information Security Policy; Improvements to Internal Controls and Central Counterparty Risk.

Adoption of a Unified Information Security Policy

Following the integration of the two Exchanges there was need for the Company to conduct a thorough revision of the different information security policies and adopt a unified and improved policy, in keeping with the new company reality.

This led to establishment of a new information security regulatory structure aimed to providing guidelines for adoption and implementation of a three-tiered approach to security regarding our systems and company information, embodied in the following documents:

- Information Security Policy;
- Information Security Rules;
- Information Security Procedures.

Pursuant to this regulatory structure we established standards, responsibilities and practices to manage information security, such that the Board of Executive Officers is charged with approving the information security policy and taking action to ensure compliance. In addition, an Information Security Management Committee, or CGSI, was established to provide the board of executive officers with adequate support. This Committee comprises eight members under coordination of the Information Security Management Manager that responds to the Chief Operating and IT Officer.

Improvements to Internal Controls

In addition, at the time of the integration process each company kept different processes, systems and approaches in connection with information registration and financial reporting. As a result, an action plan was adopted to revise and improve existing controls with the objective of ensuring accurate and complete financial statements and reports, whereas reducing related risks to a minimum.

This plan, which started in August 2008, included goals and actions in the short-, medium- and long-term established on the bedrock provided by four key initiatives, as follows:

- System integration;
- Improvements to internal controls;
- Definition of spheres of competence and allocation of responsibilities through function segregation;
- Human resources training

Completion of the plan is scheduled to take place within the first half of 2009, and the short- and medium-term actions have already been implemented.

Central Counterparty Risk

The Company’s main operational risk correlates closely with counterparty risk, which we manage through our clearinghouses for the derivatives and equities markets.

Actions focused on mitigation of counterparty risk permeate the operations of our clearinghouses. For more information on Central Counterparty Risk, see the Note on “RISK MANAGEMENT” which is part of this report.

ARBITRATION CLAUSE

The Company, its shareholders, managers, and the members of the Fiscal Council, if in operation, are obliged to settle by arbitration any and all disputes or controversies that may arise between them, in particular relating to or resulting from the application, validity, effectiveness, interpretation, violation and the effects of the provisions set forth in the Company Bylaws, in Law No. 6404/1976, in the rules issued by the National Monetary Council (CMN), the Central Bank of Brazil and the CVM, in other rules applicable to the operations of the capital market in general, as well as in the *Novo Mercado* Listing Rules, in the *Novo Mercado* Membership Agreement, in the Arbitration Clauses and in the Arbitration Rules of the Market Arbitration Chamber (CAM), to be conducted by the CAM created by BVSP pursuant to its Rules.

(A free translation of the original in Portuguese)

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

Financial Statements
at December 31, 2008
and Report of Independent Auditors

Report of independent auditors

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

1 We have audited the accompanying balance sheet of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros ("BM&FBOVESPA") and the consolidated balance sheet of BM&FBOVESPA and its subsidiaries ("Consolidated") as of December 31, 2008 and the related statements of income, of changes in stockholders' equity, of cash flows and of value added of BM&FBOVESPA, as well as the related consolidated statements of income, of cash flows and of value added, for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.

2 We conducted our audit in accordance with approved Brazilian auditing standards, which require that we perform the audit to obtain reasonable assurance about whether the financial statements are fairly presented in all material respects. Accordingly, our work included, among other procedures: (a) planning our audit taking into consideration the significance of balances, the volume of transactions and the accounting and internal control systems of the Companies, (b) examining, on a test basis, evidence and records supporting the amounts and disclosures in the financial statements, and (c) assessing the accounting practices used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

3 In our opinion, the financial statements audited by us present fairly, in all material respects, the financial position of BM&FBOVESPA and of BM&FBOVESPA and its subsidiaries at December 31, 2008, and the results of operations, the changes in stockholders' equity, cash flows and value added of BM&FBOVESPA for the year then ended, as well as the consolidated results of operations, cash flows and value added of BM&FBOVESPA and its subsidiaries for the year then ended, in accordance with accounting practices adopted in Brazil.

4 As described in Note 1 to the financial statements, the Company was incorporated on December 14, 2007 and did not have any operating activities until May 8, 2008, when the exchanges merged. Accordingly, the comparative financial statements for the prior year are not being presented.

São Paulo, March 17, 2009

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Ricardo Baldin
Contador CRC 1SP110374/O-0

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

Balance Sheet
at December 31, 2008

(In thousands of reais) (A free translation of the original in Portuguese)

Assets	**Notes**	**BM&FBOVESPA**	**Consolidated**
Current assets		1,904,077	1,965,461
Cash and cash equivalents	4	40,921	40,227
Financial investments	4	1,685,145	1,744,069
Accounts receivable - net	5	104,481	105,169
Other receivables - net	6	7,468	9,933
Taxes recoverable and prepaid		9,539	9,540
Deferred income tax and social contribution	20	48,594	48,594
Prepaid expenses		7,929	7,929
Non-current		18,342,857	18,464,628
Long-term receivables		641,653	808,863
Financial investments	4	468,892	629,945
Other receivables - net	6	6,576	11,361
Deferred income tax and social contribution	20	73,476	73,476
Judicial deposits		92,513	93,885
Prepaid expenses		196	196
Investments	7	1,407,909	1,318,282
Interest in subsidiaries		92,063	-
Other investments		1,315,846	1,318,282
Property and equipment	8	203,708	247,850
Intangible assets	9	16,089,587	16,089,633
Goodwill		16,064,309	16,064,309
Software and projects		25,278	25,324
Total assets		20,246,934	20,430,089

The accompanying notes are an integral part of these financial statements.

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

Balance Sheet
at December 31, 2008

(In thousands of reais) (A free translation of the original in Portuguese)

Liabilities and shareholders' equity	**Notes**	**BM&FBOVESPA**	**Consolidated**
Current liabilities		909,932	1,075,744
Collateral for transactions	18(b)	585,963	585,963
Earnings and rights on securities in custody	10	36,020	36,020
Suppliers		18,392	18,442
Salaries and social charges		20,288	20,806
Provision for taxes and contributions payable	11	40,065	40,254
Income tax and social contribution		-	2,652
Financing	13	4,087	4,087
Dividends and interest on own capital payable		194,984	194,984
Redemption of preferred shares to be settled	12	4,132	4,132
Other accounts payable	14	6,001	168,404
Non-current		45,278	62,621
Long-term liabilities		45,278	46,729
Provision for contingencies and legal obligations	15	43,657	46,160
Other accounts payable	14	1,621	569
Minority interest in subsidiaries		-	15,892
Shareholders' equity	16	19,291,724	19,291,724
Capital		2,540,239	2,540,239
Capital reserve		16,611,784	16,611,784
Revaluation reserves		24,131	24,131
Legal reserve		3,453	3,453
Statutory reserves		297,997	297,997
Treasury stock		(185,880)	(185,880)
Total liabilities and shareholders' equity		20,246,934	20,430,089

The accompanying notes are an integral part of these financial statements.

Statement of Income
Year ended December 31, 2008

(In thousands of reais, unless otherwise stated) (A free translation of the original in Portuguese)

	Notes	BM&FBOVESPA	Consolidated
Operating revenues		**994,037**	**1,783,358**
Trading and/or settlement system - BM&F		**622,907**	**634,230**
Derivatives		601,275	601,275
Foreign exchange		21,302	21,302
Assets		330	330
Bolsa Brasileira de Mercadorias (Brazilian Commodities Exchange)		-	7,865
Bank		-	3,458
Trading and/or settlement system - Bovespa		**295,401**	**1,050,774**
Negotiation – trading fees		179,374	635,091
Transactions – clearing and settlement		66,925	259,355
Loans of marketable securities		9,774	48,528
Listing of marketable securities		10,487	29,776
Depository, custody and back office		22,379	62,523
Trading participant access		6,462	15,501
Other operating revenues		**75,729**	**98,354**
Vendors – quotations and market information		30,506	43,359
Commodity classification fee		3,535	3,535
Other	24	41,688	51,460
Deductions of revenue		**(104,176)**	**(181,347)**
Transfer of fees - Bovespa		(4,104)	-
PIS and COFINS taxes		(90,514)	(162,752)
Taxes on services		(9,558)	(18,595)
Net operating revenue		**889,861**	**1,602,011**
Operating expenses		**(448,518)**	**(723,658)**
Administrative and general			
Personnel and related charges		(173,390)	(247,349)
Data processing		(83,962)	(141,282)
Depreciation and amortization		(22,126)	(35,140)
Outsourced services		(37,355)	(44,043)
Maintenance in general		(9,822)	(13,536)
Communications		(8,108)	(18,721)
Rents		(3,089)	(4,351)
Supplies		(2,695)	(3,629)
Promotion and publicity		(20,733)	(29,602)
Taxes		(454)	(1,655)
Board and committee members' compensation		(6,582)	(9,219)
Integration expenses	22	(58,537)	(129,576)
Sundry	21	(21,665)	(45,555)
Equity in the results of subsidiaries	7	**386,402**	**-**
Goodwill amortization	9	**(324,421)**	**(324,421)**
Financial results		**171,588**	**305,972**
Financial income		199,667	364,859
Financial expenses		(28,079)	(58,887)
Income before taxation of profit		**674,912**	**859,904**
Income tax and social contribution	20 (c)	**(29,316)**	**(212,741)**
Current		(142,392)	(331,879)
Deferred		113,076	119,138
Minority interest		**-**	**(1,567)**
Net income for the year		**645,596**	**645,596**
Outstanding shares at the end of the year		**2,010,990,091**	**2,010,990,091**
Net income per share at the end of the year (in reais)		**0.321034**	**0.321034**

The accompanying notes are an integral part of these financial statements.

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

Statement of Changes in Stockholders' Equity

(In thousands of reais) (A free translation of the original in Portuguese)

					Revenue reserves				
	Note	**Capital**	**Capital reserve**	**Revaluation reserve (Note 16(d))**	**Legal reserve**	**Statutory reserves (Note 16(e))**	**Treasury stock (Note 16(b))**	**Retained earnings**	**Total**
At December 31, 2007		1	-	-	-	-	-	-	1
Merger of BM&F S.A.	1	1,010,785	1,175,121	24,711	3,453	401,447	-	-	2,615,517
Initial recognition of stock option plan - CPC 10	19	-	229,519	-	-	(229,519)	-	-	-
Initial recognitiont of financial lease contracts - CPC 06		-	-	-	-	3,567	-	-	3,567
Merger of shares of Bovespa Holding	1	1,526,237	16,415,854	-	-	-	-	-	17,942,091
Redemption of preferred shares	12	-	(1,240,000)	-	-	-	-	-	(1,240,000)
Issue of shares - stock option plan	16	3,216	-	-	-	-	-	-	3,216
Realization of revaluation reserve - subsidiaries		-	-	(580)	-	-	-	-	(580)
Repurchase of shares	16	-	-	-	-	-	(192,448)	-	(192,448)
Disposal of treasury stock	19	-	-	-	-	-	6,568	(5,401)	1,167
Recognition of stock option plan	19	-	26,359	-	-	-	-	-	26,359
Net income for the year		-	-	-	-	-	-	645,596	645,596
Appropriation of net income:									
Dividends	16(c)	-	-	-	-	-	-	(203,644)	(203,644)
Interest on own capital	16(c)	-	-	-	-	-	-	(309,118)	(309,118)
Statutory reserves		-	-	-	-	127,433	-	(127,433)	-
At December 31, 2008		2,540,239	16,606,853	24,131	3,453	302,928	(185,880)	-	19,291,724

The accompanying notes are an integral part of these financial statements.

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

Statement of Cash Flows

Year ended December 31, 2008

(In thousands of reais) (A free translation of the original in Portuguese)

	BM&FBOVESPA	Consolidated
Cash flows from operating activities		
Net income for the year	645,596	645,596
Adjustments for:		
Depreciation and amortization	22,126	35,140
Profit on sale of property and equipment	69	2,527
Deferred income tax and social contribution	(113,076)	(119,138)
Equity in results of subsidiaries	(386,402)	-
Expenses related to the stock option plan	26,359	26,359
Goodwill amortization	324,421	324,421
Interest expenses	18,531	18,531
Sundry	(10,169)	9,506
Variation in financial investments and collateral for transactions	1,334,603	1,096,446
Variation in taxes recoverable and prepaid	104,431	(2,115)
Variation in accounts receivable	40,749	48,945
Variation in other receivables	3,085	49,658
Variation in prepaid expenses	4,465	3,663
Variation in judicial deposits	(12,366)	(64,186)
Variation in earnings and rights on securities in custody	(598)	8,023
Variation in suppliers	(4,564)	(3,034)
Variation in provision for taxes and contributions payable	(18,081)	4,316
Variation in provisions for income tax and social contribution	(185,984)	(105,713)
Increase in salaries and social charges	(17,053)	(5,604)
Variation in other liabilities	(13,309)	(30,950)
Variation in provision for contingencies	3,159	11,827
Net cash provided by operating activities	**1,765,992**	**1,954,218**
Investing activities		
Receipt on sale of property and equipment	765	7,819
Payment for purchase of property and equipment	(32,406)	(56,544)
Cash and cash equivalents merged/consolidated	94,373	10,816
Variation in interest in subsidiaries	(437)	1,353
Variation in software and projects	(7,834)	(21,616)
Net cash from (used in) investing activities	**54,461**	**(58,172)**
Financing activities		
Capital increase	3,216	3,216
Disposal of treasury stock - stock options exercised	1,167	1,167
Repurchase of shares	(192,448)	(192,448)
Payments of financing	(2,841)	(2,841)
Short term borrowings	500,000	500,000
Short term borrowings repaid	(518,531)	(518,531)
Redemption of preferred shares	(1,235,868)	(1,235,868)
Payment of dividents and interest on own capital	(334,227)	(410,514)
Net cash provided by financing activities	**(1,779,532)**	**(1,855,819)**
Net increase in cash and cash equivalents	**40,921**	**40,227**
Change in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	40,921	40,227
Net increase in cash and cash equivalents	**40,921**	**40,227**

The accompanying notes are an integral part of these financial statements.

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

Statement of Value Added
Year ended December 31, 2008

(In thousands of reais) (A free translation of the original in Portuguese)

	BM&FBOVESPA	Consolidated
1 - Revenues	**994,037**	**1,783,358**
Trading and/or settlement system	918,308	1,685,004
Other operating revenues	75,729	98,354
2 – Goods and services acquired from third parties	**246,981**	**425,944**
Operating expenses (a)	246,981	425,944
3 – Gross value added (1-2)	**747,056**	**1,357,414**
4 - Retentions	**346,547**	**359,561**
Goodwill amortization	324,421	324,421
Depreciation and amortization	22,126	35,140
5 – Net value added produced by the company (3-4)	**400,509**	**997,853**
6 – Value added transferred from others	**586,069**	**364,859**
Equity in results of subsidiaries	386,402	-
Financial income	199,667	364,859
7 – Total value added to be distributed (5+6)	**986,578**	**1,362,712**
8 - Distribution of Value Added	**986,578**	**1,362,712**
Personnel and related charges	173,390	247,349
Board and committee members' compensation	6,582	9,219
Income tax, taxes and contributions (b)	129,842	395,743
Interest and rents (c)	31,168	63,238
Minority interest in subsidiaries	-	1,567
Interest on own capital and dividends	512,762	512,762
Loss on Disposal of treasury stock	5,401	5,401
Reserves recorded	127,433	127,433

(a) Operating expenses (excludes personnel, Board and committee members' compensation, depreciation, rents and taxes) and includes transfer of trading fees – Bovespa

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

(c) Including: rents and financial expenses

The accompanying notes are an integral part of these financial statements.

1 Operations

The Company was incorporated on December 14, 2007, with its headquarters in São Paulo, under the name of T.U.T.S.P.E. Empreendimentos e Participações S.A. and with the objective of investing in other companies, as a partner, shareholder or quotaholder, in Brazil or abroad.

No operating activities were carried out by the Company during the period from December 14, 2007 to May 8, 2008.

On April 8, 2008, at the Extraordinary General Meeting ("AGE"), the shareholders decided, among other matters, to:

i. Change the Company's name to Nova Bolsa S.A. (Nova Bolsa);

ii. Move the Company's headquarters to Praça Antonio Prado, 48, Centro, São Paulo;

iii. Reverse split the Company's 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 capital comprised 4 nominative common shares, with no par value.

Merger of BM&F S.A. and of the shares of Bovespa Holding

At the Extraordinary General Meetings (AGEs) held on May 8, 2008, approval was given for 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 designed to integrate the activities of BM&F S.A. and Bovespa Holding. At one of the AGEs, approval was given for the merger into Nova Bolsa, of all assets, liabilities, rights and responsibilities of BM&F S.A., evaluated at their respective book values, in the net amount of R$2,615,517. On the same date, approval was given to merge Bovespa Holding's shares, at market value, into Nova Bolsa, in the amount of R$ 17,942,091, such that Bovespa Holding became the wholly owned subsidiary of Nova Bolsa. As a result of the merger, BM&F S.A. became extinct and was succeeded by Nova Bolsa in all of its assets, rights and obligations for all legal purposes.

We present below the merged amounts of BM&F S.A.:

Current assets and long-term receivables	1,673,709	**Current and long-term liabilities**	513,185
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 receivables	5,174	Salaries and social charges	12,599
Prepaid expenses	5,795	Other accounts payable	17,890
Judicial deposits	23,061	Provision for contingencies	27,305
Permanent assets	1,454,993	**Shareholders' equity**	2,615,517
		Capital	1,010,785
Financial investments	1,373,706	Capital reserve	1,175,121
Interest in subsidiaries	1,361,611	Revenue reserve	3,453
Other investments	12,095	Revaluation reserves	24,711
		Statutory reserves	401,447
Property and equipment	81,287		
Property in use	100,951		
Equipment and facilities	99,999		
Other	25,923		
(Accumulated depreciation)	(145,586)		
Total assets	3,128,702	Total liabilities and shareholders' equity	3,128,702

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

As established in the Protocol and Justification of Merger, the equity variations from the base date of December 31, 2007 to the date of the merger of BM&F S.A., in the amount of R$ 79,643, were appropriated and recorded in the books of Nova Bolsa.

In addition, 722,888,403 common shares of Bovespa Holding were merged at the market value of R$ 17,942,091. As established in the Protocol and Justification of the Merger, the equity variations in Bovespa Holding from the base date of December 31, 2007 to the date on which the merger of shares became effective, were sustained by Bovespa Holding and absorbed by Nova Bolsa, upon the effective merger of shares, through the recording of equity in the results.

BM&F S.A. shareholders received 1 common share of Nova Bolsa for each common share of BM&F S.A. Bovespa Holding shareholders received 1.42485643 common shares of Nova Bolsa for each common share of Bovespa Holding held, as well as redeemable preferred shares in the proportion of 1 preferred share for each 10 common shares held in Bovespa Holding. These shares were redeemed at the same Extraordinary General Meeting, obliging Nova Bolsa to pay the overall amount of R$ 1,240,000 to the shareholders of Bovespa Holding.

Following 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, as a result of 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, whereby subscribed and paid-up capital totaled R$ 2,537,023, comprising 2,040,797,995 common shares, with no par value.

At one of the AGEs held on May 8, 2008, approval was also given to change the name Nova Bolsa S.A. to BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros (BM&FBOVESPA or Company).

On August 11, 2008, the Brazilian Securities Commission (CVM) approved the registration of BM&FBOVESPA as a public company.

As a result of the integration of BM&F S.A. and Bovespa Holding S.A., the shares of the new company, BM&FBOVESPA S.A., are traded since August 20, 2008, under the ticker symbol BVMF3.

On August 29, 2008, Bovespa Holding S.A.'s registration as a public company was cancelled.

Merger of subsidiaries – Bolsa de Valores de São Paulo – BVSP (formerly Bovespa Holding) and Companhia Brasileira de Liquidação e Custódia - CBLC

The merger is part of the corporate reorganization process involving BM&FBOVESPA and its subsidiaries and was designed among other advantages to simplify operations, increase productivity gains and reduce operating costs among the companies involved.

At the Extraordinary General Meeting (AGE) held on August 29, 2008, approval was given for the merger into Bovespa Holding of all assets, liabilities, rights and obligations of its subsidiary BVSP, evaluated at their corresponding book values at the base date of June 30, 2008. As a result of the merger, BVSP became extinct and was succeeded by Bovespa Holding in all of its assets, rights and obligations for all legal purposes.

At the same AGE, approval was given to change the name Bovespa Holding S.A. to Bolsa de Valores de São Paulo S.A. – BVSP.

At the Extraordinary General Meeting (AGE) held on November 28, 2008, in accordance with the Protocol and Justification of Merger signed on October 21, 2008 by the directors of BM&FBOVESPA, approval was given for the merger of the total assets, liabilities, rights and obligations of its subsidiaries: Bolsa de Valores de São Paulo S.A. – BVSP (formerly Bovespa Holding S.A.) and Companhia Brasileira de Liquidação e Custódia – CBLC, evaluated at their corresponding book values on August 31, 2008. We present below the composition of the net assets of the subsidiaries merged on that date:

Details	**BVSP**	**CBLC**
Assets		
Current assets	**1,490,775**	**702,980**
Cash and banks and financial investments	1,296,777	631,317
Accounts receivable, net	108,557	23,298
Taxes recoverable and prepaid	69,333	41,636
Other receivables	16,108	16,729
Non-current assets	**622,813**	**41,880**
Long-term receivables	55,864	5,774
Permanent assets	566,949	36,106
Total assets	**2,113,588**	**744,860**

Details	BVSP	CBLC
Liabilities and shareholders' equity		
Current liabilities	**470,744**	**280,629**
Deposits in guarantee of transactions	-	152,637
Earnings and rights on securities under custody	-	36,618
Suppliers/accounts payable	8,490	3,477
Taxes and contributions	128,227	76,212
Social and labor legislation payables	22,374	2,368
Dividends and interest on own capital payable	301,480	-
Other accounts payable	10,173	9,317
Non-current liabilities	**11,123**	**2,070**
Long-term liabilities	11,123	2,070
Total liabilities	**481,867**	**282,699**
Net assets merged	**1,631,721**	**462,161**

As established in the Protocol and Justification of Merger, the equity variations, from the base date of August 31, 2008 to the date on which the merger of BVSP and CBLC occurred, in the amounts of R$ 9,573 and R$ 2,011, respectively, were appropriated and recorded in the books of BM&FBOVESPA.

Following the merger, whereby these companies became extinct, BM&FBOVESPA is responsible for the activities previously carried out by the subsidiaries and consequently succeeds them in all rights and obligations related to the contracts required for performing these activities, as well as in relation to any lawsuits to which the merged companies are parties.

As a result of all these mergers and the corporate restructuring process, BM&FBOVESPA's main objective is to carry out the following activities or to invest in companies in which such activities are carried out:

- Management of organized markets of marketable securities, providing for the organization, performance and development of free and open markets for the negotiation of any types of securities or contracts, that have as reference or objective financial assets, indices, fees, goods, currencies, energy, transportation, commodities and other assets or rights, direct or indirectly related to such assets, for spot or future delivery;

- Maintenance of proper environments or systems for carrying out 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 an internal agency or a company especially incorporated for this purpose, assuming or not the position of central counterparty and guarantor of the definite settlement, under the terms of the legislation in force and its own regulations;

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

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

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

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

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

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

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

Through its subsidiary Bolsa Brasileira de Mercadorias, its business includes the registration and settlement of spot, forward and options transactions involving commodities, assets and services for physical delivery, as well as 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 Clearings 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), which also has a representative office in Shanghai (China), represents BM&FBOVESPA abroad through relationships with other exchanges and regulatory agents, as well as assisting in the procurement of new clients.

2 Preparation and Presentation of the Financial Statements

These financial statements were approved by the Board of Directors of BM&FBOVESPA on March 17, 2009.

The financial statements of BM&FBOVESPA have been prepared and are presented in accordance with accounting practices adopted in Brazil and in conformity with the provisions contained in Brazilian Corporation Law, as amended by Law 11,638/07 and Provisional Measure 449/08, the statements issued by the Accounting Pronouncements Committee (CPC), as well as the standards and instructions of the Brazilian Securities Commission (CVM).

As described in Note 1, BM&FBOVESPA is a new company resulting from the corporate restructuring of BM&F S.A. and Bovespa Holding on May 8, 2008. Accordingly, no comparative information on the individual and consolidated results of operations for 2007 is presented.

The preparation of financial statements requires the use of estimates to record certain assets, liabilities and other transactions. Accordingly, the Company's financial statements include estimates related to the provisions required for contingent liabilities, the fair value of certain financial instruments, provisions for income tax, determination of the useful economic life of specific assets, including goodwill on the acquisition of investments and the corresponding amortization criteria, impairment of assets and others. The actual results may differ from those estimated. BM&FBOVESPA and the consolidated entities review these estimates and assumptions at least when preparing the financial statements.

a. Law 11,638/07 and Provisional Measure 449/08

With the enactment of Law 11,638 and publication of Provisional Measure 449/08, provisions of Brazilian Corporation Law were changed, revoked and introduced as regards certain accounting practices and the presentation of the financial statements, effective as from the fiscal year ended December 31, 2008. The main purpose of this law and MP was to adapt Brazilian corporate legislation to facilitate the process of convergence of the accounting practices adopted in Brazil with the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). Moreover, as a result of the enactment of this law and provisional measure, in 2008, certain accounting pronouncements were published by the Brazilian Accounting Pronouncements Committee (CPC), applicable to all companies constituted as corporations, including publicly held and large-sized companies.

The main changes to the accounting practices and their effects on the financial statements of BM&FBOVESPA for the year ended December 31, 2008 include the following:

(i) Share-based remuneration – Pursuant to CPC 10 – Share-based compensation, approved by CVM Deliberation 562/08, BM&FBOVESPA recognized as expense portions of the contracts existing at December 31, 2008 relating to the Stock Option Plans granted to administrators and employees. The effects arising from the adoption of this new practice and the main features and information relating to the stock option plans are presented in Note 19.

(ii) Impairment – Pursuant to CPC Technical Pronouncement 01, approved by CVM Deliberation 527/07, the Company must determine, at a minimum at the end of each fiscal year, whether there is any indication of asset impairment. No evidence of asset impairment was identified. Moreover, as required by CPC 01, the goodwill on the merger of shares of Bovespa Holding was tested for impairment and no impairment of goodwill was identified.

(iii) Statement of Cash Flows and Statement of Value Added (DVA) – The Cash Flow Statement is presented in accordance with CVM Deliberation 547/08, which approved accounting pronouncement CPC 03 – Statement of Cash Flows, as a replacement for the Statement of Changes in Financial Position. The Statement of Value Added is presented in accordance with CVM Deliberation 557/08, which approved accounting pronouncement CPC 09 – Statement of Value Added.

(iv) Deferred Charges – Expenditures recorded in deferred charges related to software licenses acquired and software development were reclassified to intangible assets.

(v) Non-operating results – MP 449/08 eliminated the segregation of the non-operating result group in the statement of income for the year. The revenues and expenses previously presented as non-operating results are now presented in the operating results group.

(vi) Costs for Transactions and Premiums on Issuance of Securities – In accordance with CPC 08, approved by CVM Deliberation 556/08, the transaction costs incurred in the acquisition of the Company's own shares in 2008, based on the Share Buyback Program, in the amount of R$ 250, were treated as an increase in the cost of acquisition of these shares.

(vii) Financial Instruments – As regulated by CPC 14 – Financial Instruments, approved by CVM Deliberation 566/08, investments in financial instruments, including derivatives, must be recorded at their market value when they comprise trading or available-for-sale securities, or recorded at their amortized cost when they comprise securities held to maturity. The Company's financial investments had already been recorded at market value, and all the instruments were classified in the measured at fair value through profit or loss category. Accordingly, there were no significant impacts resulting from the adoption of this pronouncement.

(viii) Financial Leases – BM&FBOVESPA has financial lease agreements mainly related to information technology equipment. In accordance with the provisions determined in accounting pronouncement CPC 06 – Leasing, approved by CVM Deliberation 554/08, the Company classified the lease agreements as either financial or operating, based on their specific characteristics.

The IT equipment leased under the financial lease agreements was recorded in property and equipment and the corresponding obligation in the "Financing" account, in the amounts of R$ 6,401 and R$ 4,087 at December 31, 2008, respectively. The opening adjustments resulting from the adoption of this pronouncement were recorded against revenue reserves in stockholders' equity and amounted to R$3,567.

(ix) Revaluation reserves – The new Law permits companies to opt whether to maintain the existing revaluation reserve balances and realize these balances pursuant to the prior rules or reverse them at the end of 2008. The management of BM&FBOVESPA elected to realize the balances of these reserves based on the prior rules. (See Note 16(d)).

(x) Transitional Tax Regime – Provisional Measure 449/08 introduced the Transitional Tax Regime (RTT) for taxable income determination purposes, addressing the tax adjustments arising from the new methods and accounting criteria introduced by Law 11638/07. The Company must declare its option for the RTT up to June 30, 2009, when filing the Corporate Income Tax Return (DIPJ) for

2008. If it opts to use RTT, the income tax (IRPJ) and social contribution on net income (CSLL) payable for the two-year period 2008-2009, will continue to be determined based on the provisions of Brazilian Corporation Law in force at December 31, 2007.

b. Principles for the consolidation of the financial statements

The consolidated financial statements include the balances of BM&FBOVESPA and its subsidiaries, in compliance with the provisions of CVM Instruction 247/1996, as well as the special purpose entities, comprising the exclusive investment funds (CVM Instruction 408/2004), as presented below:

	Stake - %
Entities and subsidiaries	
Banco BM&F de Liquidação e Custódia S.A. (“Banco BM&F”)	100.00
Bolsa Brasileira de Mercadorias (“BBM”)	50.12
Bolsa de Valores do Rio de Janeiro – BVRJ (“BVRJ”)	86.09
BM&F USA Inc.	100.00

Exclusive investment funds
Supremo Renda Fixa – Fundo de Investimento em Cotas de Fundos de Investimento
Bradesco Fundo de Investimento Multimercado Letters

In preparing the consolidated financial statements, the balances of assets and liabilities of the subsidiaries and the exclusive investment funds were consolidated, except for those investing in retail fund shares. The value of investments in exclusive investment funds, the corresponding portion of the respective shareholders’ equity of the subsidiaries and the balances of assets and liabilities resulting from transactions carried out between the consolidated subsidiaries and associated companies are eliminated, and minority interests in the shareholders’ equity and statement of income are separately disclosed.

The escrow funds, Fundo de Garantia da Bolsa de Valores do Rio de Janeiro – BVRJ and Fundo de Garantia da Bolsa Brasileira de Mercadorias are no longer consolidated by BM&FBOVESPA, based on the interpretation of CVM Instruction 408 and considering the purpose of the funds and corresponding conditions required for assisting and providing indemnification to investors seeking reimbursement for losses incurred in stock exchange transactions established in CVM Instruction 461.

3 Significant Accounting Practices

a. Determination of net income

Income and expenses are recognized on an accrual basis.

b. Cash and cash equivalents

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

c. *Financial instruments*

(i) Classification and calculation

The Company classifies its financial assets in the following categories: calculated at market value through income, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets when they are first recorded.

Financial assets measured at fair value through profit or loss

The financial assets maeasured at fair value through profit or loss are financial assets held for active and frequent trading or assets designated by the entity, when first recorded, as measurable at fair value through profit or loss. Derivatives are also classified as held for trading and accordingly, are recorded in this category. The assets in this category held for trading are classified as current assets. Gains or losses arising from the fair value variations of financial assets calculated at fair value through income are recorded in the statement of income in "financial results" for the period in which they occur.

Loans and receivables

These comprise loans granted and receivables which are non-derivative financial assets with fixed or determinable payments, not quoted in an active market. Loans and receivables are included in current assets, except for those with maturity of more than 12 months after the balance sheet date (these are classified as non-current assets). The Company's loans and receivables comprise trade accounts receivable and other accounts receivable. Loans and receivables are recorded at amortized cost, based on the effective interest rate method.

Assets held to maturity

These are financial assets quoted in an active market which are acquired with the intention and financial ability to be held in the portfolio up to their maturity. They are evaluated at the acquisition cost, plus related earnings with a contra-entry to income for the year, based on the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives which are classified in this category or not classified in any other. They are included in non-current assets, unless the management intends to sell the investment within 12 months subsequent to the balance sheet date. Available-for-sale financial assets are recorded at fair value. Interest on available-for-sale securities, calculated based on the effective interest rate method, is recognized in the statement of income as financial income. The amount relating to the fair value variation is recorded in shareholders' equity, in the Carrying value adjustments account and is realized in net income when the asset is sold or becomes impaired.

Fair value

Fair values of investments with public quotations are based on current purchase prices. For financial assets without an active market or public quotation, the Company determines fair value through valuation techniques, such as option pricing models.

The Company evaluates, at the balance sheet date, if there is objective evidence that a financial asset or a group of financial assets is overstated (impaired) in relation to its recoverable value.

(ii) Derivative instruments and hedge activities

Initially, the derivatives are recognized at fair value on the date on which the derivative agreement is signed and, subsequently, recalculated at their fair value, with the fair value variations recorded in income, except when the derivative is recorded as a cash flow hedge.

Although the Company uses derivatives through the exclusive investment funds for protection purposes, it does not adopt hedge accounting.

The fair value of the derivative instruments is presented in Note 4.

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

Accounts receivable and other receivables are initially stated at present value, less the allowance for doubtful accounts. The allowance for doubtful accounts is recorded when there is objective evidence that the Company will not be able to realize the amounts receivable in accordance with the original contract terms. The amount of the allowance is the difference between the book value and the recoverable value.

e. Prepaid expenses

Prepaid expenses mainly recognize amounts related to software maintenance contracts, which are amortized based on the terms of the contracts in force.

f. Investments

Investments in entities and subsidiaries are recorded and evaluated based on the equity accounting method, with the related income (or expense) recognized in income for the year as operating income (or expense). The accounting practices of the subsidiaries are consistent with the practices adopted by the Company.

Other investments are recorded at cost of acquisition or merger, less the provision for adjustment to realizable value when the loss is considered permanent.

g. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance, such as goodwill.

Goodwill

Goodwill or negative goodwill on the acquisition of an investment is calculated as the difference between the purchase amount and book value of the shareholders' equity of the company acquired. Goodwill or negative goodwill is subdivided into two categories: (i) market value adjustment, both upward or downward, of assets, comprising the difference between the book value of the company acquired and the fair value of assets and liabilities and (ii) future profitability, comprising the difference between the fair value of assets and liabilities and the purchase amount.

The portion corresponding to the market value adjustment of assets was allocated to the corresponding acquired/merged assets and liabilities. The upward market value adjustment is amortized as the corresponding assets are realized over a period of up to 25 years.

The portion based on estimated future income is recorded in the intangible group and amortized over a 10-year period, according to the extent of and in proportion to the projected results on which it was based.

In accordance with the new pronouncements issued by CPC, the portion based on the expectation of future earnings will no longer be amortized as from 2009.

Software and projects

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

Costs of software development or maintenance are expensed as incurred. Expenditures directly associated with identifiable and unique software, controlled by the Company and which will probably generate economic benefits greater than the costs for more than one year, are recognized as intangible assets. Direct expenditures include remuneration of the software development team.
Expenditures for development of software recognized as assets are amortized using the straight-line method over their useful lives, at the rates described in Note 9.

h. Property and equipment

Recorded at cost of acquisition or construction. Depreciation is calculated on the straight-line method and takes into consideration the useful economic life of the assets, at the rates listed in Note 8.

i. Contingent assets and liabilities and legal obligations

The recognition, measurement, and disclosure of contingent assets and liabilities and legal obligations comply with the criteria defined in CVM Deliberation 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 almost certain**.** Contingent assets, the realization of which is considered probable, where applicable, are only disclosed in the financial statements.

- **Contingent liabilities -** These are recognized based on a number of factors including**:** the opinion of legal advisors; the nature of the lawsuits; similarity with precedents; the complexity of the proceedings; and the prior court decisions. They are recognized whenever the loss is evaluated as probable, since this would give rise to a probable outflow of resources for the settlement of the obligations, and the sums involved are measurable with sufficient reliability. The contingent liabilities classified as possible losses are not recorded and are only disclosed in the notes to the financial statements, 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 policy, to be recognized, where applicable.

j. Judicial deposits

Judicial deposits are monetarily restated and presented in non-current assets.

k. Other assets and liabilities

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

l. Impairment of assets

Property, plant and equipment and other non-current assets, including goodwill and intangible assets, are reviewed annually to identify evidence of unrecoverable losses, and also whenever events or changes in the circumstances indicate that the book value may not be recoverable. In this case, the recoverable value is calculated to verify if there is any loss. Loss is recognized at the amount by which the book value of the asset exceeds its recoverable value, which is the higher between the net sales price and the value in use of an asset. For evaluation purposes, assets are grouped at the lowest level for which there are separately identifiable cash flows.

m. Leases

Leases of property and equipment in which the Company substantially assumes all ownership risks and benefits are classified as financial leases. These financial leases are recorded as a financed purchase, recognizing at the beginning of the lease a property and equipment item and a financing liability (lease). Property and equipment acquired in finance leases are depreciated at the rates defined in Note 8.

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

n. Provisions

Provisions are recognized when the Company has a legal or informal present obligation as a result of past events, a cash outflow will probably be necessary to settle the obligation and a reliable estimate of the amount can be made.

o. Employee benefits

(i) Pension obligations

The Company has no defined benefits plans. The Company offers its employees a defined contribution plan and pays contributions on contractual or voluntary bases. Once the contributions have been made, the Company has no obligations related to additional payments. The regular contributions comprise net periodic costs for the period in which they are payable and, therefore, are included in the personnel costs.

(ii) Share-based remuneration **(stock options)**

The Company offers to its employees and executives share-based remuneration plans, to be settled in Company stock, according to which the Company receives services in consideration for stock options. The fair value of options granted related to services to be provided is recognized as an expense, during the period in which the right is obtained, i.e., the period during which specific vesting conditions must be met. On the date of the balance sheet, the Company revises the estimated number of options which will vest and subsequently, recognizes the impact of the change on initial estimates, if any, in the statement of income with a contra-entry to the capital reserve in shareholders' equity on a prospective basis.

p. Financing

Financing is initially recognized at fair value, upon receipt of the funds, net of transaction costs. Subsequently, the financing is presented at amortized cost, that is, plus charges and interest in proportion to the period incurred ("pro rata temporis").

q. Current and non-current assets and liabilities

The segregation between current and non-current assets/liabilities is based on a period of 365 days as from the base date of the financial statements.

r. Foreign currency translation

Transactions in foreign currency are translated into reais using the exchange rates effective on the transaction dates. Balance sheet account balances are translated at the exchange rate in effect on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currency are recognized in results.

s. Taxes and contributions

BM&FBOVESPA is a for-profit business corporation and accordingly its income is 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 9%
- PIS 1.65%
- COFINS 7.6%

Banco BM&F de Serviços de Liquidação e Custódia S.A. calculates the contributions to PIS and to COFINS at the rates of 0.65% and 4%, respectively, and CSLL at 15% from May 1, 2008.

The subsidiaries Bolsa Brasileira de Mercadorias and BVRJ are not-for-profit entities.

t. Deferred income tax and social contribution

Deferred taxes are calculated on income tax and social contribution losses and the temporary differences between the tax calculation bases of assets and liabilities and the respective book values in the financial statements. The currently defined tax rates of 25% for income tax and 9% for social contribution are used to calculate deferred tax assets .

Deferred tax assets are recognized to the extent that it is probable sufficient future taxable profit will be available to be offset by temporary differences and/or tax losses, considering projections of future income prepared based on internal assumptions and future economic scenarios which may, accordingly, undergo change.

u. Net income per share

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

4 Cash and Cash Equivalents and Financial Investments

a. Cash and Cash Equivalents

For the purposes of the statement of cash flows, the following balances are being considered as cash and cash equivalents:

	BM&FBOVESPA	Consolidated
Details		
Banks - deposits in domestic currency	23,178	21,824
Banks - deposits in foreign currency	17,743	18,403
Total	**40,921**	**40,227**

b. Financial Investments

The breakdown of financial investments by nature and time to maturity is as follows.

BM&FBOVESPA						
Details	**Without maturity**	**Up to 3 months**	**More than 3 months and up to 12 months**	**More than 12 months and up to 5 years**	**More than 5 years**	**Total 31/12/2008**
Financial investment funds (1)	881,450	-	-	-	-	881,450
Interest bearing account (deposits abroad)	181,317	-	-	-	-	181,317
Bank certificates of deposit	-	-	10,826	460	-	11,286
Securities purchased under resell agreements	-	430,827	-	-	-	430,827
Financial Treasury Bills	-	88,377	35,096	141,318	308,290	573,081
National Treasury Bills	-	20	53,191	9,734	-	62,945
National Treasury Notes	-	-	71	167	32	270
Other investments	3,970	-	-	8,891	-	12,861
Total financial investments	**1,066,737**	**519,224**	**99,184**	**160,570**	**308,322**	**2,154,037**
Financial investments - short term						**1,685,145**
Financial investments - long term						**468,892**

CONSOLIDATED						
Details	**Without maturity**	**Up to 3 months**	**More than 3 months and up to 12 months**	**More than 12 months and up to 5 years**	**More than 5 years**	**Total 31/12/2008**
Financial investment funds (1)	881,734	-	-	-	-	881,734
Interest bearing account (deposits abroad)	181,317	-	-	-	-	181,317
Bank certificates of deposit	-	-	10,826	1,219	-	12,045
Securities purchased under resell agreements	-	486,327	-	-	-	486,327
Financial Treasury Bills	-	90,140	36,400	253,197	356,705	736,442
National Treasury Bills	-	20	53,264	9,734	-	63,018
National Treasury Notes	-	-	71	167	32	270
Other investments	3,970	-	-	8,891	-	12,861
Total financial investments	**1,067,021**	**576,487**	**100,561**	**273,208**	**356,737**	**2,374,014**
Financial investments - short term						**1,744,069**
Financial investments - long term						**629,945**

(1) Investments in funds that invest in quotas of other financial investment funds, the portfolios of which mainly comprise investments in federal government bonds and that have the CDI as their profitability benchmark.

The main investment funds are detailed in the table below:

Fund	Bank	Details	Amount

FIC Megainvest	Santander	Exclusive fund that invests in quotas of other retail funds;	624,629
FIC Referenciado DI Federal	Bradesco	Retail fund that invest in quotas of other retail funds;	151,890
FIC Bradesco 777	Bradesco	Exclusive fund that invests in quotas of other retail funds.	104,735

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 in the custody of CBLC.

Classification

Considering the nature and objective of the Company and its financial investments, these are classified as financial assets calculated at fair value through income, designated by management when they are first recorded.

Fair value

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

Quotas of investment funds – fair value calculated based on the amount of the quota determined on the last business day prior to the balance sheet publication as disclosed by the corresponding Manager.

Federal government securities – calculated based on the amounts and prices disclosed by the National Association of Open Market Institutions (ANDIMA) or, when these are unavailable, on the price defined by management which best reflects the sales price, determined based on information gathered from other institutions.

Bank certificates of deposit (CDB) and securities purchased under resell agreements (guaranteed by Federal Government Bonds) – calculated at amounts adjusted to the balance sheet date, based on contractual interest, indexed to the CDI/Selic rate .

Restricted funds

With the objective to ensure the proper liquidation of trades carried out and as central counterparty of all settlements, the Company maintains funds linked to its operations, which are restricted as detailed below:

	BM&FBOVESPA and Consolidated
Operational Fund of the Foreign Exchange Clearinghouse	50,000
Guarantor Fund of the Floor-Traded Spot US Dollar Market	15,000
Special Clearing Member Fund	40,000
Agricultural Market Trading Fund	50,000
Operational Fund of the Securities Clearinghouse	40,000
Guarantee Reserve for Trade Settlement	47,092
Mechanism for reimbursement - Guarantee funds	92,342
Federal Government Bonds restricted in compliance with Article 5 of Law 10214 of March 27, 2001 (Special Equity)	108,398
Investments in investment funds linked to the Settlement Fund (former CBLC).	159,742
Total Funds	**602,574**

Derivative financial instruments

The derivative financial instruments comprise 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 (Note 2(b)) and are used to cover the fixed interest rate exposure, swapping the interest rate to floating (CDI). Even though these derivatives are designed to provide protection, hedge accounting is not adopted.

We present below the positions, the object (element to be hedged) and the results of derivative transactions for the year:

	December 31, 2008		
	Notional amount	**Market value**	**Amounts paid / received during the year**
Interest rate			
Future contracts – sold position	(31,080)	(32,499)	(7,292)
LTN	31,339	32,472	7,258
Net position	**259**	**(27)**	**(34)**

The DI1 contracts have the same maturity dates as the National Treasury Notes (fixed interest rate) to which they are related. There are no derivative instruments contracted for speculative purposes.

Financial risk management policy

The Company's investment policy emphasizes low risk cash alternatives, mainly federal government bonds, acquired frequently through investment funds. As a result, 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.

Sensitivity analysis

The table below presents a summary of the financial instruments exposure classified by market risk factors at December 31, 2008:

Risk Factors (Consolidated)

Risk factor	*Risk*	*Percentage*
CDI	Falling CDI	96.68%
Fixed rate	Rising fixed rate	1.36%
USD	Falling dollar	1.37%
Inflation	Falling inflation	0.42%
Gold	Falling gold	0.17%
		100.00%

Interest Rate Risk

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

- Floating-rate Position

As a financial investment policy and considering the need for immediate liquidity with the least possible impact from interest rate fluctuations, the Company maintains its financial assets and liabilities indexed to floating interest rates. The table Risk Factors (Consolidated) includes the investments in CDB, securities purchased under resell agreement and quotas of retail investment funds which use CDI as a benchmark.

This strategy minimizes the impact on the fair value or present value arising from possible variations in future interest rates. Accordingly, the effective impact of these fluctuations on the fair value of financial investments is not material.

- Fixed-rate Position

The Company has a portion of its financial investments with net exposure to fixed interest rates. However, in terms of percentage, considering the amounts involved as presented in the table Risk Factors (Consolidated), the effects on the portfolio are not considered material.

Exchange rate risk

This arises from the possibility that fluctuations in the exchange rates for the acquisition of input materials, product sales and the contracting of financial instruments could have an impact on the related domestic currency amounts.

As well as the amounts payable and receivable in foreign currencies, the Company has third-party deposits in foreign currency to guarantee the settlement of transactions by the foreign investors and also own investments in currency abroad:

The table below shows the sensitivity analysis in a scenario considered to be the most probable according to management, besides two other scenarios which could result in losses to the

Caompany, should they happen. To establish these two scenarios, the Company considered a reduction of 25% and 50% in the risk factor analyzed.

		Scenarios		
		Probable	Possible - 25%	Remote - 50%
	31/12/2008			
Rate R$/US$	2.3370	2.3582	1.7687	1.1791
Net exposure	29,894	30,165	22,624	15,083
Effect		271	(7,270)	(14,811)

The most probable scenario for the exchange rate was defined using the future contract traded with the shortest maturity date at December 31, 2008.

Inflation and gold position

Considering the amounts and percentages involved, as detailed in the table Risk Factors (Consolidated), the effects on the portfolio are not considered material.

5 Accounts Receivable

The breakdown of accounts receivable is as follows:

	BM&FBOVESPA	Consolidated
Current		
Classification fee receivable	95,812	95,999
Vendors – Signal broadcast	5,768	5,851
Loans to employees	293	293
Listing fees receivable		2,992
Other accounts receivable	5,467	2,893
Provision for doubtful accounts	(2,859)	(2,859)
Total	104,481	105,169

6 Other Receivables

Other receivables comprise the following:

	BM&FBOVESPA	Consolidated
Current		
Sale of properties receivable (1)	1,513	1,513
Restricted deposits (Banco BM&F S.A.)		1,778
Amounts receivable – Associação BM&F	4,295	4,295
Other accounts receivable	1,660	2,347
Total	7,468	9,933

	BM&FBOVESPA	Consolidated
Non-current		
Brokers in liquidation (2)	-	10,425
Sale of properties receivable (1)	4,045	4,045
Other accounts receivable	2,531	3,316
Allowance – Other receivables (total) (2)	-	(6,425)
Total	6,576	11,361

(1) Amounts receivable from the sale of properties, the amounts of which are being received in monthly or annual installments, with final maturity in 2011.

(2) Allowance for doubtful accounts recorded mainly on the balance of accounts receivable from brokers in liquidation, which takes into consideration the equity memberships of the brokers that are pledged.

7 Investments

a. Investments in subsidiaries

Investments in subsidiaries comprise the following:

	BM&FBOVESPA						
Companies	**Adjusted shareholders' equity**	**Total amount of common shares**	**Total number of equity memberships**	**% Stake**	**Accumulated income**	**Equity in income**	**Investment 31/12/08**
Subsidiaries							
Banco BM&F de Liquidação e Custódia S.A.	34,680	24,000		100	5,019	4,953	34,680
Bolsa Brasileira de Mercadorias	15,150		405	50,12	2,632	1,350	7,934
Bolsa de Valores do Rio de Janeiro (BVRJ) (1)	57,057		115	86,09	1,829	946	48,381
BM&F USA Inc.	1,068	1,000		100	(871)	(871)	1,068
Total interests in subsidiaries							**92,063**

(1) The balances consider the revaluation of properties of BVRJ, which produced an impact on the revaluation reserve in the shareholders' equity of BM&FBOVESPA. At December 31, 2008, the balance of this reserve amounts to R$15,823 in BM&FBOVESPA.

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

Activity in the investments during the year:

Investments	BVSP (formerly Bovespa Holding)	Banco BM&F	Bolsa Brasileira de Mercadorias	Bolsa de Valores do Rio de Janeiro	BM&F USA Inc	Total
Balances merged	1,557,179	29,727	6,584	47,809	1,939	1,643,238
Equity in results	380,024	4,953	1,350	946	(871)	386,402
Dividends and interest on own capital	(305,482)	-	-	-	-	(305,482)
Realization of the revaluation reserve	-	-	-	(374)	-	(374)
Merged on 08/29/2008	(1,631,721)	-	-	-	-	(1,631,721)
At December 31, 2008	**-**	**34,680**	**7,934**	**48,381**	**1,068**	**92,063**

(1) On November 28, 2008, approval was given at the Extraordinary General Meeting for the merger into BM&FBOVESPA of the net book value of the companies Bolsa de Valores de São Paulo S.A. – BVSP (formerly Bovespa Holding S.A.) and its subsidiary Companhia Brasileira de Liquidação e Custódia – CBLC (Note 1).

b. *Other Investments*

	BM&FBOVESPA	Consolidated
CME Group (1)	1,276,199	1,276,199
Bovespa Supervisão de Mercado	20,000	20,000
Works of art	7,722	10,158
Works of art – Revaluation (2)	8,308	8,308
Properties	3,465	3,465
Other	152	152
Total	1,315,846	1,318,282

(1) These are shares of CME Group arising from the merger of CMEG 2, evaluated based on their cost, considering the 1.78% stake in the investee. For this investment, management concluded that there are no indications based on internal and external sources that the investment could lose economic value (become impaired).

(2) The merged balances of BM&F S.A. include revaluation of works of art, recorded in 2007, based on the appraisal report of experts, which in BM&FBOVESPA form part of the revaluation reserve in shareholders’ equity (Note 16(d).

c. *Special purpose entities*

Exclusive investment funds

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

Details	Supremo Renda Fixa – FICFI	Bradesco FI Multimercado Letters
Assets		
Cash and cash equivalents and financial investments	378,313	1,160
Other receivables	2	-
Total assets	378,315	1,160
Liabilities and equity		
Accounts payable	12	6
Quotaholders' equity	378,303	1,154
Total liabilities and quotaholders' equity	378,315	1,160

8 Property and Equipment

At December 31, 2008, the breakdown of property and equipment is as follows:

Details	Annual depreciation rate	BM&FBOVESPA Cost	Depreciation	Net
Buildings	4%	169,856	(86,920)	82,936
Furniture and fixtures	10%	27,392	(15,001)	12,391
Apparatus and equipment	10%	20,790	(12,470)	8,320
Computer-related equipment	20%	169,696	(116,000)	53,696
Facilities	10%	25,064	(13,681)	11,383
Telephone system	10%	18,006	(16,479)	1,527
Other	10% to 20%	29,101	(22,206)	6,895
Construction in progress	–	26,560	–	26,560
Total		486,465	(282,757)	203,708

Details	Annual depreciation rate	Consolidated Cost	Depreciation	Net
Buildings	4%	209,828	(89,486)	120,342
Furniture and fixtures	10%	27,921	(15,334)	12,587
Apparatus and equipment	10%	20,949	(12,529)	8,420
Computer equipment	20%	170,418	(116,705)	53,713
Land		5,614	–	5,614
Facilities	10%	26,094	(14,013)	12,081
Telephone system	10%	18,018	(16,490)	1,528
Other	10% to 20%	29,273	(22,269)	7,004
Construction in progress		26,561	–	26,561
Total		534,676	(286,826)	247,850

9 Intangible Assets

Goodwill

The goodwill on the acquisition of Bovespa Holding was calculated as the difference between the market value of the Bovespa Holding shares that were merged (purchase amount), in the amount of R$ 17,942,091 and the book value of the Bovespa Holding net equity at December 31, 2007, in the amount of R$ 1,543,799, adjusted by the following events which occurred between December 31, 2007 and the date of the merger: (i) capital increases in the amount of R$ 37,028, (ii) payment of interest on own capital in the amount of R$ 23,444 and adjustment of the amount of proposed dividends for 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 on February 19, 2008.

The goodwill determined above in the amount of R$16,384,912 was subdivided into (i) downward net market value adjustment of assets, comprising the difference between the book value of the company acquired and the fair value of the assets and liabilities in the amount of (R$ 3,819)and (ii) future profitability, comprising the difference between the fair value of assets and liabilities and the purchase amount of R$ 16,388,731, under the terms of CVM Instructions 247 and 285.

The portion corresponding to the market value adjustment of assets was allocated to the corresponding assets acquired and subsequently merged. The table summarizes these adjustments:

Investments	1,227
Property and equipment	489
Intangible - software	(5,535)
Total	(3,819)

The remaining portion of goodwill in the amount of R$ 16,388,731 is based on estimated future income and supported by an economic and financial appraisal report of the investment. Up to December 31, 2008, goodwill was amortized in the amount of R$ 324,421 considering a period of 10 years, calculated based on the extent of and in proportion to the estimated results on which the goodwill was based.

In accordance with the new pronouncements issued by CPC, the portion based on the expectation of future earnings will no longer be amortized as from January 1, 2009 and will be subject annually to impairment testing, pursuant to Technical Pronouncement CPC 01.

The goodwill based on expected future income was tested for impairment at the end of 2008. The test, based on an appraisal report prepared by specialists, did not reveal the need for any adjustments to the goodwill amount.

The key assumptions used to project the future cash flows of BM&FBOVESPA, in the segment BOVESPA, were based in the analyses of the performance over the last years and on the expectations of growth in the market in which it operates, as well as management expectations and strategies for the next 10 years.

The cash flows were projected in nominal terms, i.e. they take into account future inflation and were projected for the period between December 1, 2008 to December 31, 2017.

The residual value was determined based on the present value of the perpetuity of the cash flows for the last year projected, including a nominal and constant increase, equivalent to the expected growth of the Brazilian GDP plus the expected inflation.

The discount rate used to calculate the present value of the cash flows projected was 18.88% p.a.

The macroeconomic assumptions used in the projections were based on the Focus Report from the Brazilian Central Bank:

Macroeconomic indicators projected

	2009	**2010**	**2011**	**2012-2017**
GDP growth	2.77%	3.88%	4.23%	4.34%
Brazil (IPCA) (inflation)	5.24%	4.53%	4.39%	4.33%
USA inflation	2.35%	2.35%	2.35%	2.35%

Source: Central Bank Focus Report

Software and projects

The balance at December 31, 2008 comprises costs for the acquisition and development of software and systems in the net amount of R$2,478, with amortization rates of 20% to 33% per annum, and expenditures in the amount of R$ 22,800 for the implementation and development in progress of new systems and software.

10 Earnings and Rights on Securities in 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.

11 Provision for Taxes and Contributions Payable

At December 31, 2008, the breakdown of this balance was as follows:

Details	**BM&FBOVESPA**	**Consolidated**
Withholding taxes and contributions payable	29,626	29,674
PIS/Cofins	8,904	9,014
ISS (Municipal service tax)	1,535	1,566
Total	40,065	40,254

12 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 following the merger of Bovespa Holding shares. These shares were redeemed on May 8, 2008, with the consequent cancellation of the preferred shares against the capital reserve, with no capital decrease, resulting in a liability to BM&FBOVESPA payable to the shareholders in the amount of R$ 1,240,000.

A significant portion of the liabilities related to the redemption of the preferred shares was settled in June 2008.

At December 31, 2008, the remaining balance amounts to R$ 4,132 and mainly refers to amounts payable to foreign investors.

13 Financing

The Company has a financing balance related to financial leases. This balance at December 31, 2008 was R$ 4,087.

14 Other Accounts Payable

	BM&FBOVESPA	Consolidated
Custody agents	3,825	3,825
Legal counsel	512	512
Finep – Carbon credits	320	320
Demand deposits (1)	-	30,619
Liabilities for securities purchased under resell agreements (1)	-	130,608
Other	2,965	3,089
Total	7,622	168,973
Current	6,001	168,404
Non-current	1,621	569

(1) Balances related to the transactions of Banco BM&F S.A.

15 Contingent Assets and Liabilities

a. Contingent assets

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

b. Contingent liabilities

BM&FBOVESPA and its subsidiaries are defendants in a number of labor, tax and civil lawsuits which have arisen during their normal operating activities.

The procedure utilized by BM&FBOVESPA for recognition of these obligations is that specified in CVM Deliberation 489. The lawsuits are classified by their probability of loss (probable, possible or remote), based on an evaluation using parameters such as previous judgments and the history of loss in similar suits.

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

- Labor claims mainly filed 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, mainly consisting of matters pertaining to civil liability for losses and damages.

c. Legal obligations

These are proceedings in which BM&FBOVESPA seeks exemption from (i) social security contributions on payroll and payments to self-employed professionals, as well as discussions over the legality of Labor Accident Insurance (SAT) charges; (ii) PIS and Cofins on income related to interest on own capital received.

A provision for the amounts related to legal obligations is recorded in full.

d. Changes in balances

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

	BM&FBOVESPA			
	Civil	**Labor**	**Legal obligations**	**Total**
Merger amounts	3,620	3,243	22,737	29,600
New provisions		473	13,122	13,595
Amounts written off/used	(703)	(71)		(774)
Revaluation of contingent risks	(5)	(164)		(169)
Price-level restatement	421	321	663	1,405
At December 31, 2008	3,333	3,802	36,522	43,657

	Consolidated			
	Civil	Labor	Legal obligations	Total
Merger amounts	7,015	4,284	23,036	34,335
New provisions	13	1,013	13,122	14,148
Amounts written off/used	(3,648)	(212)		(3,860)
Revaluation of contingent risks	86	(146)		(60)
Price-level restatement	434	482	681	1,597
At December 31, 2008	3,900	5,421	36,839	46,160

At December 31, 2008, BOVESPA had judicial deposits of R$ 92,513 and consolidated judicial deposits of R$ 93,885 recorded in non-current assets.

e. *Possible losses*

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

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

- Labor proceedings, mainly claims filed by employees of outsourced service providers, on account of alleged noncompliance with labor legislation. The amounts related to the lawsuits classified as possible at December 31, 2008 are R$ 6,926 in the parent company and R$ 8,065 on a consolidated basis.

- Civil proceedings mainly consist of matters pertaining to civil liability for losses and damages. The amount involved in the lawsuits classified as possible at December 31, 2008 is R$ 1,341 in the parent company and on a consolidated basis.

- Tax proceedings of BM&FBOVESPA and its subsidiaries mainly dispute the classification of exchanges as subject to the payment of social contributions. Most of these amounts are related to 2 lawsuits filed by BM&FBOVESPA against the Federal Government alleging that the Company was not subject to the payment of social contributions prior to the 1999 fiscal year. The amount involved in the aforementioned proceedings as of December 31, 2008 is R$ 77,170 in the parent company and on a consolidated basis.

f. *Remote losses*

BM&FBOVESPA, as successor of the former BOVESPA, and the subsidiary BVRJ are defendants in an action for material damages and pain and suffering filed by Mr. Naji Robert Nahas, Selecta Participações e Serviços SC Ltda. and Cobrasol-Companhia Brasileira de Óleos e Derivados, on the grounds of alleged losses in the stock market sustained in June 1989. The sum assigned to the cause by the plaintiffs is R$ 10 billion. In relation to the material damages and pain and suffering claimed, the plaintiffs ask that BVRJ and BM&FBOVESPA be sentenced in proportion to their responsibilities. On January 22, 2009, a sentence was published in which the claims made by the plaintiffs were considered completely unfounded. The Company and its legal advisors consider that the chances of loss in this lawsuit are remote.

16 Shareholders' Equity

a. *Capital*

BM&FBOVESPA's capital is R$ 2,540,239, comprising 2,044,014,295 nominative common shares with voting rights and no par value.

Capital formation

	Number of Shares	In reais
Initial capital		
T.U.T.S.P.E Empr. Partic. S.A..	4	1
Merger		
BM&F S.A.	1,010,785,800	1,010,785
Bovespa Holding	1,030,012,191	1,526,237
Capital increase – stock options (1)	3,216,300	3,216
Total	2,044,014,295	2,540,239

(1) At the meeting held on August 19, 2008, the Board of Directors approved the issue of 3,216,300 common shares to cover the exercising of stock options granted to beneficiaries under BM&FBOVESPA's stock options plan (Note 19)

b. *Treasury Stock*

Share buyback program

On September 24, 2008, the Board of Directors approved the Company's Share Buyback Program.

The shares can be acquired over a period of 365 days up to September 23, 2009.

The Company commenced the repurchase of shares on September 29, 2008 and by December 31, 2008, 34,191,200 common shares (48% of the total program) had been acquired.

The maximum number of common shares to be acquired is 71,266,281, or 3.5% of the total number of outstanding shares.

At the meeting held on December 16, 2008, the Board of Directors ratified again the Company's Share Buyback Program whereby the repurchased shares can be cancelled or used for purposes of the Company's Stock Option Plan.

Treasury shares

We present below the activity of treasury stock during the year:

	Number of Shares
Opening balance	-
Shares acquired from dissident shareholders	4
Acquisition of shares – Buyback program	34,191,200
Shares sold – stock options (Note 19)	(1,167,000)
At December 31, 2008	33,024,204
Average cost of treasury stock (in reais)	5,62
Cost of treasury stock (in thousands of reais)	185,880
Market value of treasury stock at December 31, 2008 (in thousands of reais)	198,806

c. *Dividends and interest on own capital*

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

The proposal of dividends, subject to the approval of the shareholders at the General Meeting, calculated under the terms of the aforementioned law, especially as regards Articles 196 and 197, is as follows:

Net income for the year	645,596
Transfer to reserves	
Legal (*)	-
Calculation basis of dividends	645,596
Proposed dividends	203,644
Interest on own capital	309,118
	512,762
Percentage on net income for the year	79.4%

(*) No legal reserve is required since its amount added to the amount of the capital reserves totals more than 30% of capital.

	Gross Amount
Amounts paid	
Interest on own capital – Board of Directors' Meeting of BM&F S.A. on March 25, 2008 - R$ 0.02032 per share	20,539
Interest on own capital – Board of Directors' Meeting of BM&F BOVESPA on August 14, 2008 - R$ 0.072995 per share	149,203
Dividends – Board of Directors' Meeting of BM&F BOVESPA on August 14, 2008 - R$ 0.069969 per share	143,019

	Gross Amount
Amounts recorded as a provision	
Interest on own capital – Board of Directors' Meeting of BM&FBOVESPA on December 19, 2008 - R$ 0.069307 per share	139,376
Dividends – Board of Directors' Meeting of BM&FBOVESPA on March 17, 2009 – R$ 0.0303174	60,625
	512,762

d. Revaluation reserves

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

At December 31, 2008, the breakdown of the revaluation reserve was as follows:

	BM&FBOVESPA December 31, 2008	**Realization method**
Own assets		
Works of art	8,308	Disposal
BVRJ's assets		
Property	13,388	Depreciation
Land	2,435	Disposal
Total	24,131	

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.

Note 18 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.

17 Related Party Transactions

a. Transactions and balances with related parties

BM&FBOVESPA	Assets(liabilities) December 31, 2008	Income(expense) Year ended December 31, 2008
Bolsa de Valores do Rio de Janeiro		
Accounts payable	(1,361)	
Social contribution on equity memberships		(475)
Banco BM&F de Serviços de Liquidação e Custódia S.A.		
Cash and cash equivalents	2,760	
Accounts receivable	457	
Recovery of expenses		3,325
Bolsa Brasileira de Mercadorias		
Minimum contribution on equity memberships		(150)
Recovery of expenses		2,184
BM&FBOVESPA Supervisão de Mercados		
Accounts receivable	405	
Recovery of expenses		1,483
Instituto BM&FBOVESPA		
Accounts receivable	441	
Donation		(9,250)
Recovery of expenses		441

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

BM&FBOVESPA pays a minimum monthly fee to BVRJ and Bolsa Brasileira de Mercadorias in exchange for equity membership of these associations.

BM&FBOVESPA, by request of Banco BM&F, Bolsa Brasileira de Mercadorias and Associação BM&F, contracts companies specialized in providing information technology services designed to support the activities of these entities and transfers the respective costs incurred, in full, to the first two entities.

Banco BM&F entered into an agreement with BM&FBOVESPA which, in addition to granting occupancy of a building owned by the latter, also establishes the utilization of its technology infrastructure and also its personnel, with transfer of the corresponding costs.

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

b. Remuneration of key management personnel

Key management personnel include Members of the Board, Executive Officers, the Head of Internal Audit and the Director of Human Resources.

	At December 31, 2008
Management benefits	
Short-term benefits (salaries, participation in results, etc.)	14,750
Post-employment benefits	42
Employment contract rescission benefits	6,161
Share based remuneration (1)	14,202

(1) Represents the expense calculated for the year in relation to the stock options granted to key management personnel which was recognized in accordance with the criteria described in Note 19.

18 Safeguard Structure

a. Risk management

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

BM&FBOVESPA manages four clearinghouses considered systematically important by the Central Bank of Brazil, i.e. the Derivatives, Foreign Exchange and Securities Clearinghouses and, through its wholly-owned subsidiary CBLC, the Equity and Private Debt Clearinghouse.

The activities carried out by the clearinghouses of BM&FBOVESPA are governed by Law 10214, of March 27, 2001, which authorizes the multilateral clearing of obligations, establishes the central counterparty role of the systemically important clearinghouses and permits the utilization of the collateral obtained from the defaulting participants to settle their obligations in the clearinghouse environment, including in cases of civil insolvency, composition with creditors, intervention, bankruptcy and out-of-court liquidation.

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

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, despite the fact that there is no direct exposure to market risk, this risk can impact and increase the credit risks assumed.

To mitigate the risks assumed, each BM&FBOVESPA Clearinghouse has its own risk management system and safeguard structure. The safeguard structure of a Clearinghouse represents the set of resources and mechanisms that it can utilize to cover losses relating to the settlement failure of one or more participants. These systems and structures are described in detail in the regulations and manuals of each Clearinghouse, and have been tested and ratified by the Central Bank of Brazil, in accordance with National Monetary Council (CMN) Resolution 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 which acted as intermediaries, as well as the collateral deposited by these participants;

- Operational Performance Fund, with the amount of R$ 1,145,908, at December 31, 2008, 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;

- Agricultural Market Trading Fund, with the amount of R$ 50,000, intended to hold resources of BM&FBOVESPA allocated to guarantee the proper settlement of transactions with agricultural commodity contracts;

- Special Clearing Member Fund, with the amount of R$ 40,000, formed by a capital transfer from BM&FBOVESPA., intended to hold BM&FBOVESPA resources allocated to guarantee the proper settlement of transactions, regardless of the type of contract;

- Clearing Fund, with the amount of R$ 387,235, 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;

- Special equity with the amount of R$ 28,808 at December 31, 2008, in compliance with the provisions of Article 5 of Law 10214, of March 27, 2001 and of Article 19 of Circular 3057 of the Brazilian Central Bank, of August 31, 2001.

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

- Collateral pledged by foreign exchange market participants;

- Participation fund, with the amount of R$140,584 at December 31, 2008, formed by collateral transferred by Clearinghouse participants, intended to guarantee the proper settlement of transactions;

- Operational Fund of the Foreign Exchange Clearinghouse, with the amount of R$ 50,000, with the purpose of maintaining funds of BM&FBOVESPA to cover losses resulting from operating or administrative failures;

- Guarantor Fund of the Floor-Traded Spot US Dollar Market, with the amount of R$ 15,000, with the purpose of maintaining funds of BM&FBOVESPA to cover 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;

- Special equity with the amount of R$ 28,808 at December 31, 2008, in compliance with the provisions of Article 5 of Law 10214, of March 27, 2001 and of Article 19 of Circular 3057 of the Brazilian Central Bank, of August 31, 2001.

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

- Collateral deposited by federal government bond market participants;

- Operational Fund of the Securities Clearinghouse, with the amount of R$ 40.000, with the purpose of maintaining funds of BM&FBOVESPA to cover losses resulting from operating or administrative failures of participants;

- Special equity with the amount of R$ 20,277 at December 31, 2008, in compliance with the provisions of Article 5 of Law 10214, of March 27, 2001 and of Article 19 of Circular 3057 of the Brazilian Central Bank, of August 31, 2001.

The main components of the safeguard structure of CBLC are described below:

- Collateral deposited by CBLC's 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;

- Settlement Fund, with the amount of R$ 350,210 at December 31, 2008, formed by collateral transferred by clearing members and by CBLC, intended to guarantee the proper settlement of transactions;

- Special equity with the amount of R$ 30,374 at December 31, 2008, in compliance with the provisions of Article 5 of Law 10214, of March 27, 2001 and of Article 19 of Circular 3057 of the Brazilian Central Bank, of August 31, 2001.

Guarantee Reserve for Trade Settlement, with the amount of R$ 47,092, for the purpose of forming the safeguard mechanisms needed for the proper development of BM&FBOVESPA's activities, ensuring the proper settlement and 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.

The risk management policy adopted by the Clearinghouses is established by the BM&FBOVESPA Risk Committee, in which BM&FBOVESPA officers participate, including the Chief Executive Officer, the Clearinghouses' Chief Officers, the Depositary Chief Officer and the Risk Chief Officer, the Operations and IT Chief Officers, the Products Chief Officer, as well as the Risk Management Systems Officer and the Trading Officer, among others. The main duties of the Committee are (i) the 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 who carry out the transactions represents the most significant 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. This time frame may vary depending on the nature of the contracts and assets negotiated.

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 and securities traded at BM&FBOVESPA. Among the main risk factors are the Brazilian real/US dollar exchange rate, the term structure of the local fixed interest rate, the term structure of the US dollar interest rate, the Bovespa Index and the cash prices of shares, among others.

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 cash funds

Considering the importance of BM&FBOVESPA's equity as a last resource available in the safeguard structure of its Clearinghouses, its investment policy emphasizes low risk cash alternatives, normally federal government bonds, including exposure through exclusive and retail funds. As a result, 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.

b. *Collateral for transactions*

Transactions performed in the BM&FBOVESPA markets are backed by cash margin deposits, government bonds and private securities, letters of credit and other financial instruments. At December 31, 2008, the pledged collateral totaled R$ 125,676,805, as follows:

Derivatives Clearinghouse	
Federal government bonds	89,760,722
Letters of credit	3,690,835
Equities	2,678,991
Bank certificates of deposit	2,161,736
Gold	319,831
Cash (1)	327,644
FIC Banco BM&F Investment Fund	78,130
FIF BB-BM&F Investment Fund	29,049
Rural Product Note	829
Subtotal	99,047,767
Foreign Exchange Clearinghouse	
Federal government bonds	3,550,223
Cash (1)	174,060
Subtotal	3,724,283
Securities Clearinghouse	
Federal government bonds	1,423,484
Shares Clearinghouse - CBLC	
Federal government bonds	10,185,946
Equities	9,101,835
International bonds (2)	1,219,499
Bank certificates of deposit (CDBs)	467,649
Letters of credit	239,625
Cash (1)	101,927
Gold	25,958
FIF BB-CBLC	6,140
Other	132,692
Subtotal	21,481,271
Total	**125,676,805**

(1) 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.
(2) US and German federal government bonds.

c. *Other information - Clearing Fund (Derivatives Clearinghouse)*

This 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, 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 and limited, individually. At December 31, 2008, the Clearing Fund was comprised as follows:

Composition	
Federal government bonds	324,979
Letters of credit	30,000
Bank certificates of deposit	18,560
Equities	7,763
Gold	1,928
Cash(1)	4,005
FIF BB-BM&F	1
Amounts deposited	387,236
Amounts that ensure clearing member/trader participation	(333,500)
Excess collateral	53,736

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. In addition, each clearing member must contribute R$ 500 per participant entitled to trade under their responsibility. The total amount deposited to the Clearing Fund is R$ 333,500, at December 31, 2008, while the remainder refers to the surplus of non-enforceable deposited collateral.

d. *Operational Performance Fund (Derivatives Clearinghouse)*

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 transactions. These resources can take the form of bank letters of credit, government bonds and private securities, cash, gold and other assets, at the sole discretion of BM&FBOVESPA. Collateral represented by securities and other assets depend on prior approval from BM&FBOVESPA.

The Operational Performance Fund presents the following position at December 31, 2008:

Composition

Federal government bonds	863,451
Letters of credit	160,730
Bank certificates of deposit	98,683
Equities	17,647
FIC Banco BM&F	4,177
Cash (1)	1,220
Amounts deposited	1,145,908
Amounts that ensure clearing member/trader participation	(1,026,700)
Excess collateral	119,208

(1) 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.

The minimum contribution for each clearing member is R$5,500, R$ 6,500 and R$ 7,500, 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 minimum contribution for each commodities broker is R$6,000 for holders of full trading rights. The minimum contribution of the holders of full trading rights of interest, exchange rates and Ibovespa is R$4,000. The minimum contribution for the holders of the trading rights of other contracts settled in the Derivatives Clearinghouse is R$ 3,000.
The minimum contribution for each special operator is R$ 1,600 for the holders of full trading rights and restricted trading rights of interest, exchange rates and Ibovespa. For the holders of trading rights of other contracts settled in the Derivatives Clearinghouse, the minimum required contribution is R$1,000.

e. Participation fund (Foreign Exchange Clearinghouse)

Formed by deposits, in assets and currencies, required for the authorization of participants in the Foreign Exchange Clearinghouse. Their purpose is to guarantee performance of the obligations assumed by them.

At December 31, 2008, the Participation Fund presents the following position:

Composition

Federal Government Bonds	140,584

f. Guarantor Fund of the Floor-Traded Spot US Dollar Market (Foreign Exchange Clearinghouse)

Formed by deposits in assets and currencies by the foreign exchange clearinghouse participants and by funds of BM&FBOVESPA to cover 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.

At December 31, 2008, the Guarantor Fund of the Floor-Traded Spot US Dollar Market presents the following position:

Composition	
Federal government bonds	13,812
Letters of credit	240
Cash	480
Investment of BM&FBOVESPA	15,000
Amounts deposited	29,532

g. CBLC's Settlement Fund

The Settlement Fund is formed by funds provided by CBLC's clearing agents and funds from BM&FBOVESPA for 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.

At December 31, 2008, the Settlement Fund presents the following position:

Composition	
Federal government bonds	190,629
Investments of BM&FBOVESPA in exclusive investment funds, federal government bonds and securities purchased under resell agreements	159,580
Amounts deposited	350,209

h. Guarantee funds and Mechanism for reimbursement

BM&FBOVESPA maintains a Guarantee Fund, in the form of a statutory reserve, with the amount of R$ 92,342 for the sole 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, special purpose entities without a legal status. The maximum liability of these Guarantee Funds is limited to the sum of their net assets.

BSM also manages a Mechanism for Reimbursement of Losses, the sole purpose of which is to assure reimbursement of loss to clients of brokerage firms that trade in BM&FBOVESPA upon the occurrence of events determined in the regulation. The purpose of these funds is to assure that their members' clients are refunded for losses resulting from errors in the execution of orders accepted and from inadequate or irregular use of funds belonging to clients, under the terms of CVM Instruction 461/07.

We present below a summary of the main accounting balances of these mechanisms:

Descrição	Guarantee Fund - Bolsa Brasileira de Mercadorias	Guarantee Fund – BVRJ	Mechanism for Reimbursement of Losses
Ativo			
Cash in banks and financial investments (1)	666	32,511	174,053
Sundry credits	19	5,915	3,936
Total assets	685	38,426	177,989
Passivo			
Provision for contingencies	-	38,035	-
Other liabilities	4	1,250	1,114
Net assets	681	(859)	176,875
Total liabilities and net assets	685	38,426	177,989

(1) The amount of R$29,447, included in cash in banks and financial investments of the Guarantee Fund of BVRJ is tied to a lawsuit, as is the total amount of sundry credits.

19 Employee Benefits

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

At the AGE held on September 20, 2007, approval was given for an option plan for shares issued by BM&F S.A. for the purpose of "granting purchase rights on a number of shares, for recognition and retention of the employees of BM&F S.A. and, subsequently, of the Company, after May 8, 2008, up to a limit of 3% of the Company's capital stock".

The stock options granted under the stock option purchase plan of the extinct BM&F were assumed by BM&FBOVESPA, as decided at the AGE of May 8, 2008.

On December 18, 2007, 27,056,316 stock options were granted under the plan with a fixed exercise price of R$ 1.00 per share. Subsequent to this date, no further stock options were granted or vesting conditions changed under this plan. The number of stock options at December 31, 2008 totaled 14,843,088.

The Plan was mainly devised to provide managers and employees of the former BM&F (i) with consideration for services carried out by the beneficiaries during the period prior to the demutualization process and also (ii) to retain professionals for a period of four years subsequent to the approval of the Plan and IPO.

The main items used as a basis for acknowledging these services and for allocating the options granted were:

(i) Exercise price fixed at R$ 1.00
(ii) Right to exercise options even if the beneficiary is dismissed by the Company, as well as on retirement, dismissal as a result of disability or death of the beneficiary.
(iii) Number of years of service of each beneficiary
(iv) Different period for each exercise of options

In compliance with the provisions of CPC 10 – Share-based Payment, approved by CVM Deliberation 562/08, the obligations generated by the stock options existing at December 31, 2008 are recognized during the period in which the right was obtained (in general, the period during which the service is provided) and accordingly have the following impacts: (i) directly in shareholders' equity, with respect to prior periods, related to consideration for services carried out prior to the date of the adoption of CPC 10, i.e. January 1, 2008; as well as (ii) in the statement of income, in relation to the portion of services carried out in 2008; and (iii) on a prospective basis, over the next three years, established to meet the plan vesting conditions (provision of future services).

As a result, the Company recognized, as an effect of the adoption of CPC 10, the amount of R$229,519 directly against revenue reserves as a counter-entry to capital reserves. Expenditures for 2008 totaled R$25,935. In addition, the Company considered in this calculation an estimated turnover of 5%, i.e. the estimated number of options which will not vest due to employees who opt to leave the Company.

Stock options – BM&FBOVESPA's Plan

On May 8, 2008, at the AGE of BM&FBOVESPA, approval was given to institute a stock option plan within the authorized limit of 2.5% of the Company's capital.

On November 11, 2008, the Board of Directors approved the Stock Option Plan, defining its operation and objectives, which are to align the interests of shareholders with those of directors, managers, employees and service providers who are considered strategic, and employees considered as talents of BM&FBOVESPA and its subsidiaries.

The options were granted on December 19, 2008, at an exercise price of R$ 5.174 per share, corresponding to the average closing price of trading in the 20 days that preceded the date on which the options were granted, observing the vesting periods for exercising the options.

The granting of up to 4,714,850 stock options was approved, distributed equally on four vesting dates over a four-year period. From this number, as well as discounting the number of options which it is known will not be granted, the Company discounted an estimated turnover of 5%, i.e. the estimated number of options which will not vest, due to employees who opt to leave the Company or whose employment is terminated by the Company.

As regards the authorized limit, options corresponding to only 0.2% of Company capital were granted up to December 31, 2008 and accordingly the remainder may be granted during the option period.

As a result, the Company recognized the expenses related to this plan for 2008 in the amount of R$ 424 with a counter-entry to capital reserves in shareholders' equity.

Total options granted

Plan	Date granted	Vesting period up to	Exercise price (in reais)	Granted	Exercised	Open contracts at 12/31/08	Fair value of options on date of grant
BM&F S.A.	12/18/2007	N/A	1.00	7,829,928	7,829,928	-	22.60
BM&F S.A.	12/18/2007	12/18/2009	1.00	6,408,796	1,461,100	4,947,696	21.81
BM&F S.A.	12/18/2007	12/18/2010	1.00	6,408,796	1,461,100	4,947,696	21.54
BM&F S.A.	12/18/2007	12/18/2011	1.00	6,408,796	1,461,100	4,947,696	21.32
				27,056,316	12,213,228	14,843,088	
BM&FBOVESPA	12/19/2008	6/30/2009	5.174	1,132,962	-	1,132,962	3.76
BM&FBOVESPA	12/19/2008	6/30/2010	5.174	1,132,962	-	1,132,962	3.76
BM&FBOVESPA	12/19/2008	6/30/2011	5.174	1,132,963	-	1,132,963	3.76
BM&FBOVESPA	12/19/2008	6/30/2012	5.174	1,132,963	-	1,132,963	3.76
				4,531,850	-	4,531,850	
				31,588,166	12,213,228	19,374,938	

Total options exercised

As regards the plan transferred to BM&FBOVESPA, on December 18, 2007, 7,829,928 options were exercised at an exercise price of R$1.00 each. The market price of the shares on that date was R$23.60.

Further, in 2008, 4,383,300 options were exercised at an exercise price of R$1.00 each, as follows (i) on August 19, 2008 3,216,300 stock options exercised, with an average market price on that date at R$11.29, (ii) on December 26, 2008, 829,500 stock options exercised, with the average market price on that date at R$5.78 and (iii) on December 29, 2008, 337,500 stock options exercised, with the average market price on that date at R$6.02.

Activity during the year

	Number of shares
At December 31, 2007	19,226,388
Options granted (1)	4,531,850
Options canceled	-
Options exercised	(4,383,300)
At December 31, 2008	19,374,938

(1) exclusively from the ***Stock option plan of BM&FBOVESPA***

The percentage of capital dilution to which the current shareholders could be subject in the event all the options already granted at December 31, 2008 are exercised is some 0.96%.

Effects arising from the exercise of the options during the year

Amount received on sale of shares – Options exercised	1,167
(-) Cost of treasury stock sold	(6,569)
Effect of disposal of shares	(5,402)

Option Pricing Model

To determine the fair value of the options granted, the Company has taken into account the following aspects:

a) The stock options that were granted by the Company allow the exercise in advance as from a specific future date (vesting date) which is situated between the grant date and the option expiry date;
b) The shares pay dividends between the grant date and the option expiry date.

Accordingly, these options present characteristics from the European model (exercise in advance is not allowed) until the vesting date and characteristics from the American model (possibility of exercise in advance) between the vesting date and the option expiry date. These options are known as Bermuda type or Mid-Atlantic and their price must be between the price of an European option and the price of an American option with similar characteristics. In relation to the dividend payment, there are two impacts on the price of the option that should be taken into account: (i) the fall in share prices after the dates on which they become ex-dividends and (ii) the influence of such payments on the decision to exercise the option in advance.

Considering the aspects above, the Binomial method was used to determine the fair value of the options granted. This method produces results which are equivalent to the results of the Black & Scholes model for non-complex European options, having the advantage of being able to incorporate the characteristics of an exercise in advance and the payment of dividends in relation to the stock options considered.

The main assumptions considered in the options' fair value determination were:

a) The options were evaluated based on the market parameters effective on each of the grant dates of the different plans;
b) For estimating the risk-free interest rate, the Company used the future interest contracts negotiated for the maximum exercise period of each option;
c) The liquidity of the stock options, comprising the respective programs, was low on the grant dates and accordingly the implied volatilities in these contracts are atypical and it would not be feasible to use them for estimating volatility. In addition, since the Company was a recently listed entity at the time the plans were granted, historical volatility does not provide sufficient information on share volatility, considering the contractual term for exercising the options. As a result, the Company used as a basis for estimating the volatility of its shares the implied volatility of similar entities (international stock exchanges) over periods in which liquidity was sufficient to guarantee the quality of the data gathered;
d) The share prices were adjusted in order to take into account the impact of dividend payments;
e) The maximum period for exercising the options granted was used to determine the maturity of the options.

The remaining usual assumptions related to option pricing models, such as inexistence of arbitrage opportunities and constant volatility over the period, were also considered in the calculation.

Pension plan

The private pension fund "Fundo de Pensão Multipatrocinado das Instituições do Mercado Financeiro e de Capitais (MERCAPREV)" is structured as a defined contribution retirement plan and is sponsored by the following entities ADEVAL, ANCOR, BM&FBOVESPA, Sindival and the brokerage firms Theca, Souza Barros and Talarico.

Contributions to the pension plan for the year ended December 31, 2008 amounted to R$2,781. The net assets of MERCAPREV at December 31, 2008 total R$ 106,709.

20 Income Tax and Social contribution on Net Income

(a) Deferred income tax and social contribution

The balance of deferred tax assets is as follows:

	BM&FBOVESPA	**Consolidated**
Temporary provisions	4,293	4,293
Temporary differences	1,862	1,862
Tax, labor and civil contingency provisions	4,177	4,177
Tax loss carryforwards	35,036	35,036
Goodwill amortization	76,702	76,702
At December 31, 2008	122,070	122,070

(b) Estimated realization period

The deferred income tax and social contribution assets arising from temporary differences are recorded in the books taking into consideration the probable realization of these tax assets, based on projections of future results prepared in accordance with and supported by internal assumptions and future economic scenarios that may, accordingly, undergo change.

It is expected that deferred tax assets, net of deferred tax liabilities, will be realized as follows: 2009 – R$ 48,594, 2010 – R$ 20,914, 2011 – R$ 16,436, 2012 – R$ 16,436 e 2013 – R$ 19,690.

As the income tax and social contribution taxable bases not only arise from the profit that may be generated, but also from the existence of non-taxable income, non-deductible expenses, tax incentives and other variables, there is no immediate correlation between the Company's net income and the income subject to income tax and social contribution. Therefore, the expectation of the use of deferred tax assets should not be used as the only indicator of future income of the Company.
The goodwill amount that will be deductible in the income tax and social contribution calculation for tax purposes amounts to R$ 13,459,731.

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

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

	BM&FBOVESPA	Consolidated
Book income before income tax and social contribution	**674,912**	**859,904**
Income tax and social contribution before additions and exclusions	(229.470)	(292.367)
Additions:	(200.230)	(186.226)
Non-deductible expenses	(57.841)	(30.108)
Temporary additions	(133.427)	(147.156)
Other	(8.962)	(8.962)
Exclusions:	287.308	146.714
Reversal of provisions and other non-taxable revenue	4.591	13.444
Equity in results	177.520	–
Interest on own capital	105.100	115.831
Tax incentives	73	183
Other	24	1.265
Deduction of tax losses brought forward – IR/CS	–	15.991
Current income tax and social contribution	(142.392)	(331.879)
Deferred income tax and social contribution	113.076	119.138
Income tax and social contribution expense for the year	**(29,316)**	**(212,741)**

21 Sundry Expenses

Details	**BM&FBOVESPA**	**Consolidated**
Contributions and donations (1)	5,721	18,386
Electricity, water and sewage	4,539	7,015
Travel	3,316	5,341
Sundry provisions	1,534	1,892
Insurance	892	1,275
Judicial processes	-	1,830
Remaining expenses from demutualization and public offering	-	789
Other	5,663	9,027
Total	21,665	45,555

(1) Of the total R$18,386 in consolidated, R$8,830 comprises 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.

22 BM&FBOVESPA Integration

As described in Note 1, in May 2008, approval was given to merge BM&F S.A. and Bovespa Holding.

In June 2008, the Board of Directors approved the names of the Company’s Executive Officers and disclosed the complete management organization chart of BM&FBOVESPA S.A.

The complete organization chart for all employee levels of BM&FBOVESPA was disclosed at the end of August 2008.

As a result of this integration process, the Company implemented a program to identify synergies designed to decrease operating expenses by eliminating common activities.

Non-recurring expenses related to the implementation of this plan were classified as integration expenditures and totaled an amount of R$ 129.5 million in 2008 consolidated. These expenses mainly comprised costs associated with the dismissal of personnel and for contracting outsourced services related to the integration process, which together comprise 55.7% of the total integration expenses.

The second most significant expenditure related to the integration process comprised payment of outsourced service providers, such as legal, business and human resource consultants, which represent 41.1% of the total integration expenditures.

Integration expenses

	BM&FBOVESPA	**Consolidated**
Details		
Personnel and related charges	33,824	72,134
Outsourced services	24,313	53,267
Sundry	400	4,175
Total	58,537	129,576

23 Operating Leases

Future minimum non-cancellable payments on operating leases for IT related equipment are presented below:

Up to one year	13,729
From one year to five years	5,425
	19,154

24 Other operating revenues

	BM&FBOVESPA	Consolidated
Details		
Dividends from equity interests	20,650	20,650
Property rents	-	5,605
Reversal of provisions	5,052	5,052
Recovery of RCCF costs	2,929	2,929
Other recoveries	7,233	839
Data processing and software license	2,854	4,254
Reversal of provision for contingencies	-	3,555
Profit on the disposal of fixed assets	69	2,527
Sundry	2,901	6,049
Total	41,688	51,460

25 Insurance

The Company searches in the market for insurance consultant support to establish coverage compatible with its size and operations. The coverage, at December 31, 2008, was contracted at the amounts indicated below, according to the insurance policies:

Lines	Amounts insured
Amounts at risk, material damages, property and equipment	256,730
Civil liability	6,500
Works of art	16,133

26 Subsequent Events and Other Information

Repurchase of shares

As described in Note 16 (b), the Board of Directors approved the Company's Share Buyback Program on September 24, 2008.

The Company repurchased shares between September 29 and October 17, 2008 and between November 13, 2008 and February 6, 2009, observing the trading restriction period as determined by CVM Instruction 358. During this period, the Company repurchased 45,686,000 shares, representing 64.1% of the maximum number of common shares to be acquired under the buyback program.

Organizational restructuring

At the meeting held on January 20, 2009, the Company's Board of Directors approved the resignation of the executive officers of the Corporate Matters Executive Board and the Integration Executive Board. BM&FBOVESPA established the new organization chart for all employee levels considering the extinction of these boards as from February 2, 2009.

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