



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

The Brazilian Securities, Commodities and Futures Exchange

Financial Statements at

December 31, 2009 and 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - 2009

Dear Shareholders,

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros (BM&FBOVESPA, Bolsa or Company) hereby submits for your review the Management's Discussion and Analysis of Financial Condition and Results of Operations for 2009.

FOREWORD

Two distinctive six-month periods characterized 2009: the first half of the year saw the impact and reflected the uncertainties brought about by the unprecedented global financial crisis of 2008 started in the United States, whereas the latter part of the year saw positive expectations slowly replace earlier uncertainties about the end of the global crisis and the beginning of recovery and economic upturn. Our operating and financial performance for the year was equally influenced by these two different economic scenarios, with impacts clearly identifiable in volumes traded on the equities markets (Bovespa segment) and derivatives markets (BM&F segment).

Despite the relative instability of the economic landscape, the Company carried on with its projects, having implemented significant improvements in technology infrastructure and expanding the sales structure, in addition to having entered into a international agreement, sharpened sustainability practices, and consolidated the integration between the two formerly independent exchanges (BM&F and Bovespa) started in the first half of 2008.

The evolution of the economic landscape and that of BM&FBOVESPA and its operating performance are discussed below.

MACROECONOMIC AND MARKET CONDITIONS

Triggered by an economic landscape filled with uncertainties, the year started amidst bleak projections for the global economic future, which redoubled at every turn of events, and with every news headline or market development. This was the economic outlook that emerged from the subprime mortgage crisis started in the United States in 2007 to turn into the worst global financial crisis since the Great Depression of the 1930's.

In the years before the crisis lending behavior changed, credit policies became ever more liberal, securitization became ubiquitous, players operated in highly-leveraged mode, regulation was lax or lacking, and there was little transparency in over-the-counter transactions. As a result, the scenario that emerged early in 2009 after the crisis peaked was one of severe credit crunch, pointing to lower-level leveraging, amidst a lively debate over the need for stricter and more efficient regulation of international financial markets, and strong contraction in the prices of commodities and financial assets.

This economic outlook directly impacted performance in markets managed by BM&FBOVESPA. In the Bovespa segment, the equities market registered strong decline in volumes traded, due primarily to plunging market prices for stocks and increased risk aversion by investors. In the BM&F segment, volumes traded in derivatives contracts tumbled owing to a combination of risk aversion, the credit crunch fueling hedging transactions, and the deleveraging process. This low-volume scenario prevailed for most of the first half of 2009.

Despite the doom and gloom facing world economies, Brazil differently from developments in previous crises reacted positively and was one of the few countries to emerge relatively unscathed from the crisis. While the level of economic activity did decrease, the country was less affected by the downturn than most other countries, the flow of foreign investment resumed in the second half of the year and quickly grew, which resulted in significant appreciation of the Brazilian *real* against the U.S. dollar.

The improved economic landscape in Brazil, and the ensuing positive outlook influenced the volumes traded on markets operated by BM&FBOVESPA. For example, the Bovespa index (Ibovespa) appreciated over the year more than any other stock index across the world. In addition, the IPO market rebounded in the second half of 2009, the second best year on record, making Brazil the 4th best performing country in terms of proceeds from IPOs, and 7th by overall proceeds from offerings across the international markets. The highlight in the local market was the IPO of Banco Santander Brasil, by far the largest. Moreover, the volumes traded on equities markets (Bovespa segment) presented significant growth, to register the highest daily average volumes on record in the quarter to December 2009.

In the BM&F segment, deleveraging by market participants continued to affect volumes traded negatively including in the second half of 2009.

The evolution of certain indicators directly impacts volumes, and as a result the Company's operating performance. They are:

- The reference interest rate, the 'target' Selic (or "Selic Meta") defined by the Brazilian Monetary Policy Committee, or COPOM, fell to 8.75% in December 2009, from 13.75% at start of year, evidencing the expansionist monetary policy adopted by Brazilian government;
- The exchange rate for the Brazilian *real* against the U.S. dollar (per the PTAX selling rate compiled by the Central Bank) closed the year at R\$1.7412, a 25.5% slump over the year, with high of R\$2.4218 as of March 3, and low of R\$1.7024 as of November 9;
- Credit availability grew, with the ratio of Lending to GDP rising to 45.0% in December from 40.0% in January 2009; and
- The market prices for the some of the most actively traded commodities produced in Brazil, such as oil, pulp and soybean, rebounded.

However, while these improvements in the economic landscape and the outlook for the local market positively impacted our performance and results of operations for the second half of the year, they were insufficient to prevent 2009 revenues from falling on a year-over-year basis.

Another factor influencing performance in our markets was the creation of two new types of taxes on financial transactions (IOF). On October 20, 2009, with the stated objective of arresting the appreciation of the Brazilian *real*, the government adopted a 2.0% tax on money inflows for portfolio investments (stocks, fixed-income securities and derivatives) in domestic capital markets. Later, on November 19, the Brazilian government established a 1.5% IOF tax on issuances of American Depositary Receipts (ADRs), in a move to eliminate the competitive disadvantage it had created with the IOF tax on money inflows, for it increased the cost of raising capital in the Brazilian market. These two measures negatively impacted our markets, in particular the equities markets, both because of the increased cost foreign investors now incur to invest in the local market and as a result of uncertainty about additional measures the Brazilian government could take.

However, differently from the previous year, this time the outlook for the Brazilian economy is promising and projections are positive, whereas there are encouraging signs that recovery is on course in most economies. If the positive projections do materialize, this will positively impact our results of operations. In addition, while 2010 should continue see the roaring debate evolve around re-regulating the international financial and capital markets, which was so pervasive last the year, in Brazil substantive regulation already is in place, more or less in keeping with the models in debate, including in the form of regulation by BM&FBOVESPA, which encourages and prefers transactions in exchange-traded assets to over-the-counter trades.

OPERATING PERFORMANCE

Pursuant to the above discussion, the Company's operating performance in 2009 was directly impacted by the difficult global economic landscape, which early in the year, led to significant contraction in volumes traded in either segment, in particular in the first quarter. In the second quarter the market showed signs of rebounding, a move that consolidated as the year progressed.

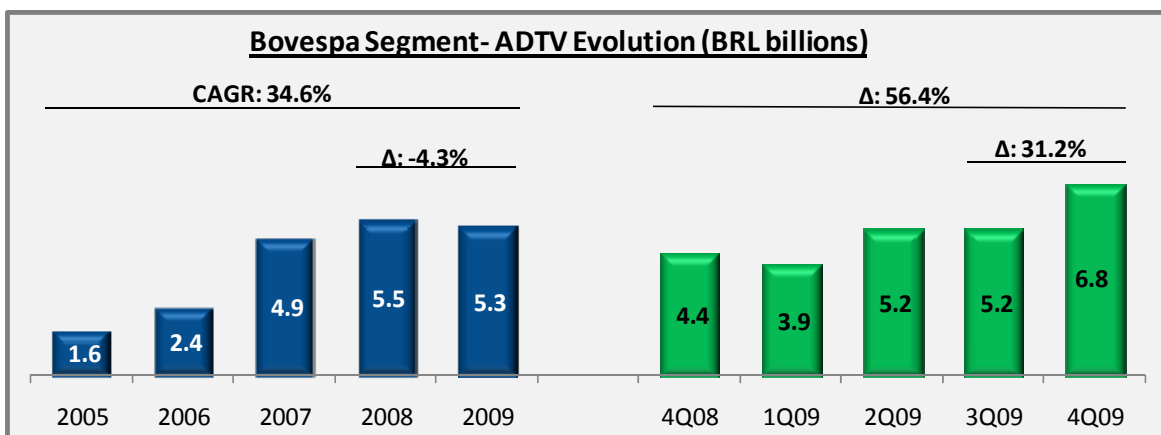
The Bovespa segment rebounded more sharply. The volume of trading, which in the first quarter presented daily average of R\$3.9 billion, rose to a record high of R\$6.8 billion in the quarter to December. This growth was due not only to appreciation in the market prices for stocks of Brazilian issuers, but also from increase in turnover velocity and an upsurge in the IPO market.

Meanwhile, despite not having bounced back to previous volumes, the BM&F segment showed increase in the flow from high frequency trading, which at start of year accounted for mere 0.1% of the volume, but in December had grown to 4.2% of the volume for the segment, with a high of 6.0% in October 2009.

A detailed discussion of the results of operations is set forth below.

BOVESPA segment

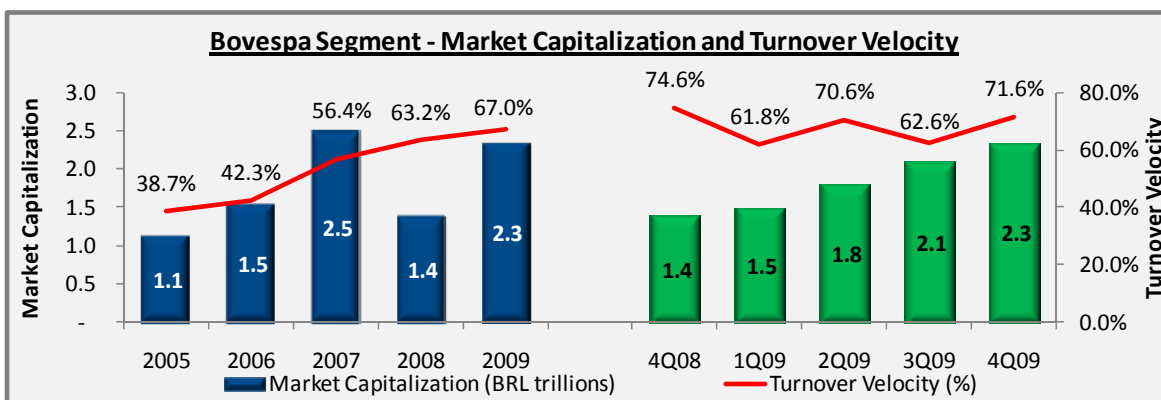
At start of year the average daily traded value on the equities market was significantly lower than the average for previous years. However, as the economy emerged from the downturn in the second quarter, the average daily traded value increased to R\$5.3 billion in 2009, 4.3% below 2008. The analysis of average daily traded volumes for last five years (2005-2009) shows compounded annual growth rate (CAGR) of 34.6%.



The recovery process consolidated in the quarter to December 2009 (4Q09), when average daily traded value reached R\$6.8 billion, a historical record high, up 3.3% from the previous high of R\$6.6 billion in the last quarter of 2007. In addition, this value represents a 56.4% climb over the quarter to December in 2008 (4Q08) and 31.2% over the quarter to September 2009 (3Q09).

Market rallies drove the appreciation in market prices for listed stocks, which was key to recapture volumes traded on Bovespa markets. The chart below sets forth the exchange market capitalization which at year-end had reached R\$2.3 trillion, soaring 70% year-on-year. Other metrics for performance include the IBovespa, the primary stock index for the Brazilian market, which as of December 2009 had risen 82.7% over the previous year, the best performing stock index across the world.

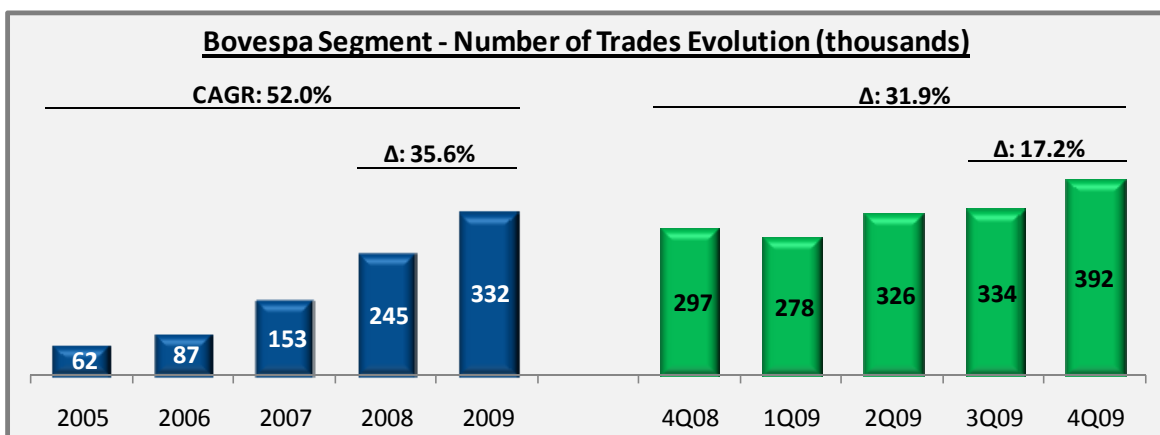
Appreciation in the market prices for stocks is due primarily to i) the upturn in the market prices of international commodities, and ii) the improved economic outlook worldwide and, in particular, the outlook for Brazil.



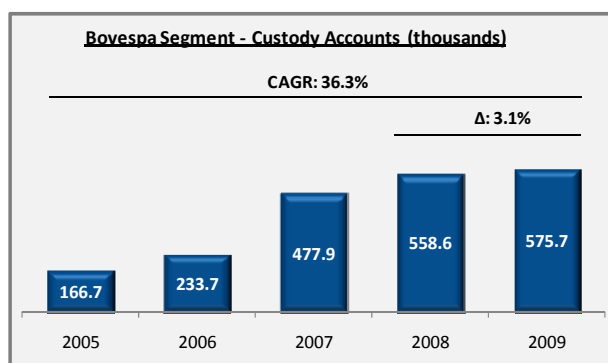
The above chart also sets forth the positive impact of turnover velocity over traded value, which grew from 38.7% in 2005, to 63.2% in 2008, to 67.0% in 2009, meaning investors trading on stocks over the year turned over 67.0% of the total exchange market capitalization.

As measured in number of trades, the last five-year period shows average annual growth rate of 52.0%, with 35.6% year-on-year growth between 2008 and 2009. In particular, the average daily number of trades in the quarter to December 2009 reached record 392 thousand trades, climbing 31.9% year-over-year and 17.2% quarter-on-quarter. This strong growth in number of trades, and the resulting reduction in average value by trade,

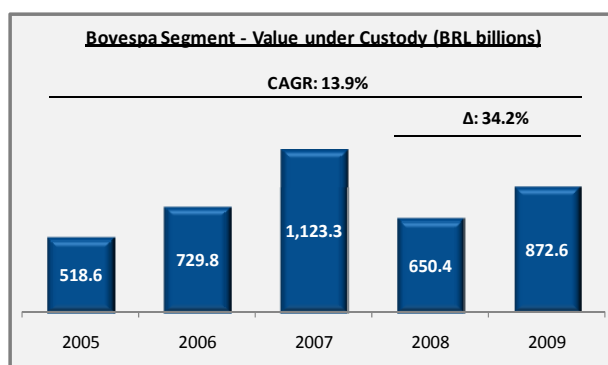
was influenced by the expansion in number of retail investors, as they contribute higher turnover rates than the market average, and influenced also by high frequency traders using algorithmic strategies to identify and capture opportunities to trade.



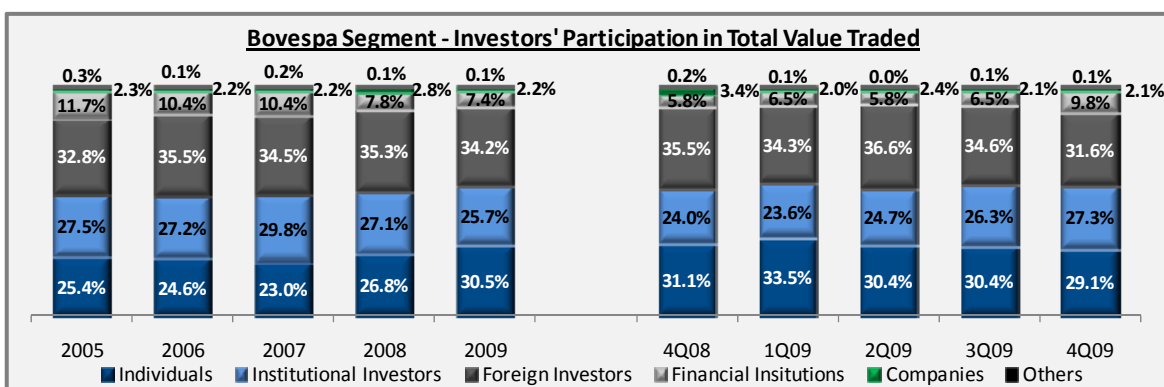
The number of active investors in the Bovespa segment grew slightly by 3.1% year-on-year, to a universe of 575.7 thousand investors at the end of 2009 versus 558.6 thousand one year ago. Retail investors accounted for about 96% of this total, meaning a total of 552.4 thousand investors. In the five-year period between 2005 and 2009, the number of active investors grew on average 36.3% by year, reflecting the sound performance of the stock market in recent years and the concentrated efforts BM&FBOVESPA has been dedicating to making the stock market a popular investment alternative.



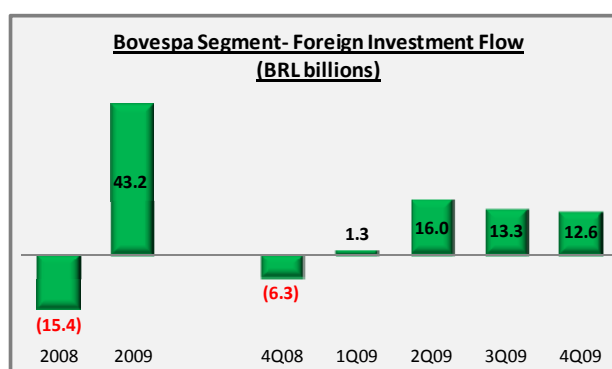
The value of shares under custody at year-end in 2009 reached R\$872.6 billion, comprising 575.7 thousand custody accounts. This represents a 34.2% rise over the year to December 2008, reflecting the upturn in market prices, however still below the R\$1,123.3 billion at the end of December 2007. A comparison of the five-year period between 2005 and 2009, the average annual growth rate was 13.9%.



Trading activities by retail investors in 2009 accounted for a record 30.5% of the overall volume traded on the stock market. In addition, despite the global financial crisis and the IOF tax the Brazilian government now charges on money flowing to the country for investment portfolios, foreign investors also participated in a significant share of the volume and value traded on equities, and still make up the principal group of investors actively operating in this market.

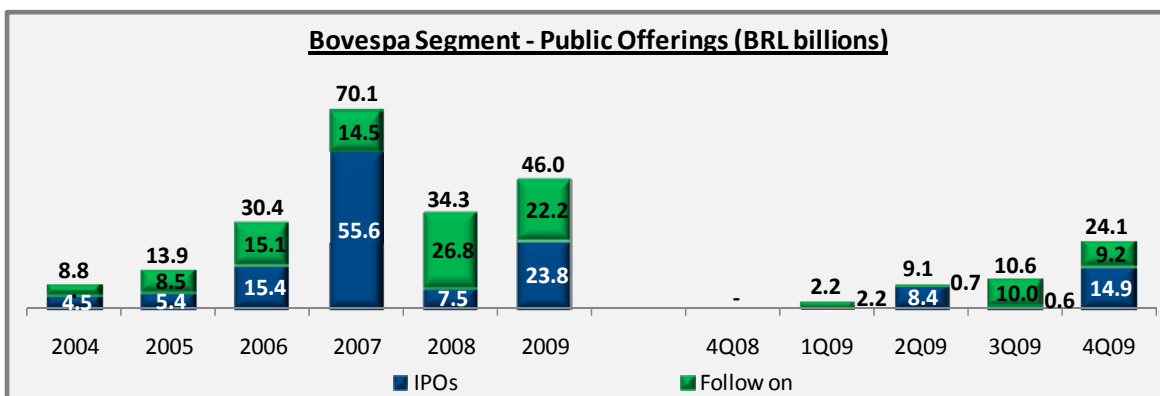


The net flow of foreign capital invested in the equities markets in 2009 was positive at R\$43.2 billion, and includes trades on the secondary market and participation in share offerings. In the last three quarters of 2009 the net flow of foreign investments was consistently positive, having peaked in the second quarter when it reached R\$16.0 billion. The year-on-year comparison and the rebound in net flows starting from 2Q09 (see table on the right) are evidence that foreign investor confidence in the Brazilian market is on the rise.

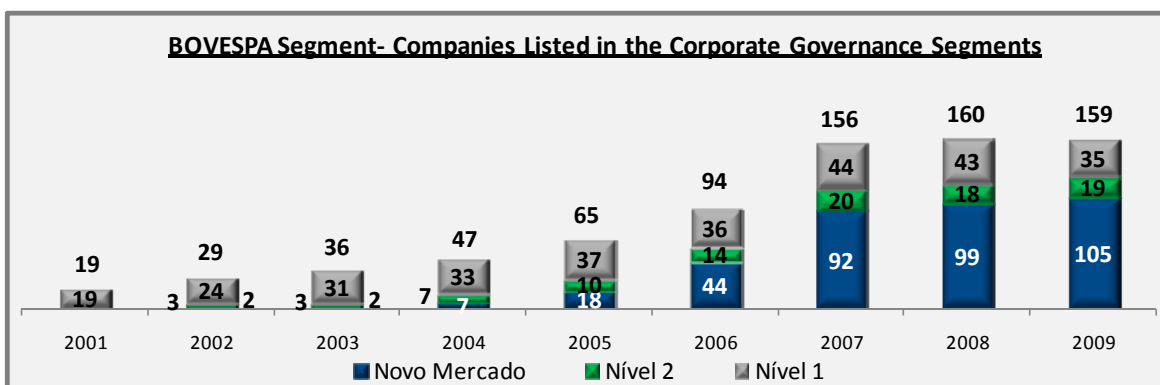


Listings

A highlight in the Bovespa segment, the IPO market started the year amidst skepticism and negative projections but bounced back convincingly to present the second highest volume of proceeds from offerings in the history of the Brazilian market, at an aggregate of R\$46.0 billion, where R\$23.8 billion are attributable to six initial public offerings, whereas R\$22.2 billion are attributable to 18 follow-on offerings. The domestic public offerings market was the 7th most active market across the world, having ranked 4th in terms of proceeds from IPOs. In addition, based on a survey by Reuters, the first and fourth largest offerings conducted in the world capital markets in 2009 were carried out Banco Santander Brasil and Cielo (formerly Visanet) whose shares are listed to trade on our stock market.

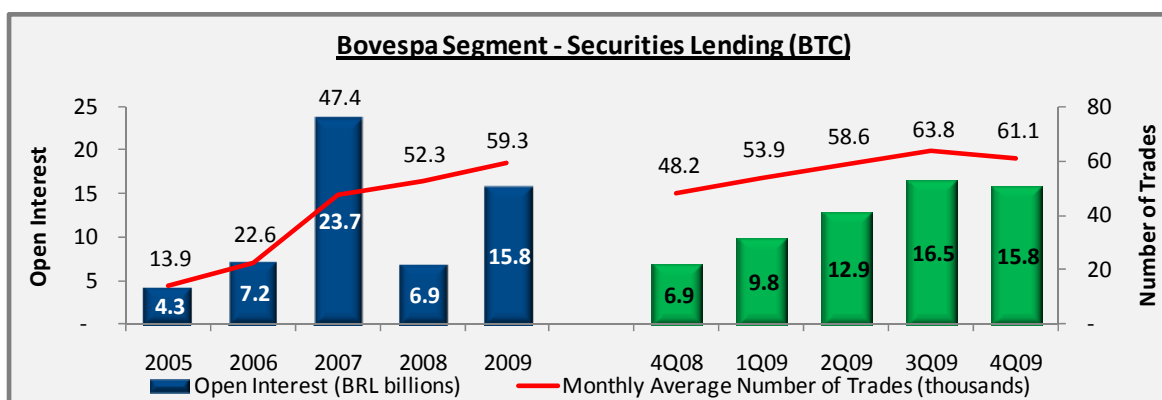


New listings include six companies, five of them having adhered to the *Novo Mercado* segment which adopts special and more stringent corporate governance standards, whereas one company listed to trade shares on our Level 2 segment of higher corporate governance standards. By year-end listings on BM&FBOVESPA special corporate governance segments included securities of 159 issuers, 105 of whom on the *Novo Mercado*, 19 on Level 2 and 35 on Level 1. The process of revision of the Regulations that apply to these listing segments, which was in the order of day throughout the year, is still on course and should be completed in 2010.



Securities lending (BTC, the securities lending facility)

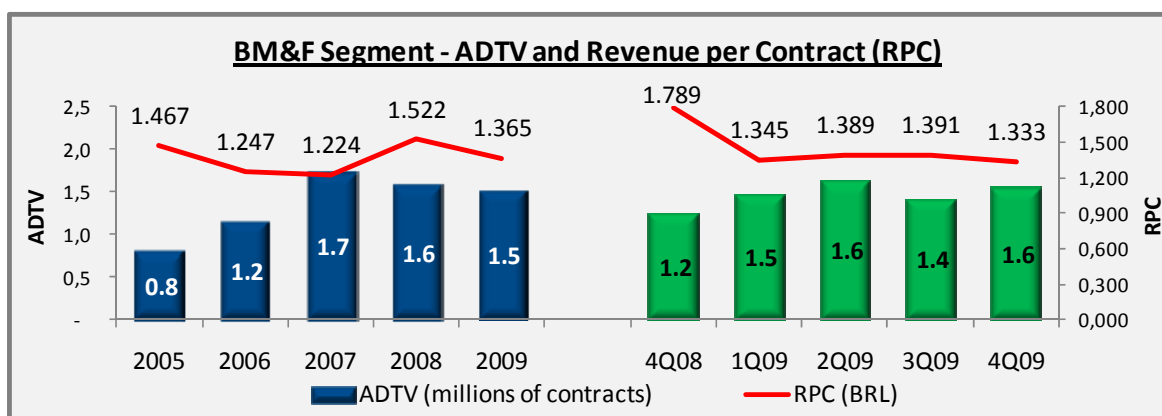
BM&FBOVESPA's equities clearinghouse operates a securities lending facility known as BTC, whose results for 2009 did bounce back from the crisis. The value of open interest at year-end had soared 127.6% year-on-year. However, on a quarter-on-quarter comparison, the financial value of open interest amounted to R\$15.8 billion in December 2009, down 4.0% quarter-on-quarter.



The rebound in securities lending activities correlates directly with the higher volumes traded in the equities market, influenced by the upturn in the market prices for stocks, by heightened risk appetite, a change in market sentiment and reversal of the outlook for the equities markets.

BM&F Segment

The volumes traded in the BM&F segment in 2009 reached daily average of 1.52 million, a 3.3% drop year-on-year, primarily due to 16.4% and 8.7% falls in volumes traded in FX and stock-index contracts, respectively. These declines in turn were counterbalanced by a 7.0% rise in average daily volume traded in BRL interest rate contracts, to 843.5 thousand from 788.7 thousand previously.



The historical volume data for the five-year period between 2005 and 2009 indicate volumes traded in BRL interest rate contracts and FX contracts grew at average annual rates of 13.9% and 27.7%, respectively. Trading in these two contracts accounted for 85% of the consolidated volume in the segment in 2009.

BM&F Segment- ADTV (thousands of contracts)							
	2005	2006	2007	2008	2009	CAGR 2005-2009	Var. 2008-2009
Interest Rates in BRL	501.4	710.8	988.1	788.7	843.5	13.9%	7.0%
FX Rates	168.4	265.7	473.0	534.9	447.1	27.7%	-16.4%
Stock Indices	26.0	53.9	112.0	87.6	80.0	32.5%	-8.7%
Interest Rates in USD	88.7	64.4	87.9	94.3	78.3	-3.1%	-17.0%
Commodities	5.2	5.9	10.1	14.9	10.2	18.5%	-31.4%
Mini Contracts	4.1	35.8	57.8	40.5	52.6	89.6%	30.0%
OTC	7.3	16.2	11.5	12.4	9.3	6.2%	-25.5%
Total	801.0	1,152.7	1,740.3	1,573.3	1,521.0	17.4%	-3.3%

A comparison of the volumes for the two half-yearly periods in 2009 shows no trend suggesting a rebound towards the end of 2009. However, on a year-over-year comparison of the quarters to December 2009 and 2008, when the crisis peaked, total volumes traded on BM&F markets picked up 26.1%, reflecting more active trading in BRL interest rate contracts, FX contracts and stock-index-contracts. On a quarter-on-quarter comparison, the average daily volume traded in the quarter to December 2009 went up 9.6%, led primarily by a 41.1% surge in the volume traded in stock-index-contracts.

The decline in volumes traded since 2007 shows the degree to which participants and traders are leveraged is still down from pre-crisis levels. As for 2009, while volumes for the quarter to December were up 26.1% year-over-year, they were still below the volumes for 2007 and early 2008.

BM&F Segment- ADTV (thousands of contracts)							
	4T08	1T09	2T09	3T09	4T09	Var. 4T08/4T09	Var. 3T09/4T09
Interest Rates in BRL	563.0	861.8	959.3	755.6	800.8	42.2%	6.0%
FX Rates	434.3	378.6	452.6	463.0	494.1	13.8%	6.7%
Stock Indices	83.1	72.8	80.1	69.6	98.4	18.4%	41.4%
Interest Rates in USD	92.2	92.5	73.9	64.4	83.2	-9.8%	29.1%
Commodities	13.0	10.1	9.4	10.1	11.3	-13.6%	11.2%
Mini Contracts	41.6	51.2	51.2	50.7	57.6	38.4%	13.6%
OTC	9.2	4.8	9.8	8.8	13.8	49.5%	55.5%
Total	1,236.6	1,471.7	1,636.3	1,422.3	1,559.2	26.1%	9.6%

Average revenue per contract (RPC) in the BM&F segment amounted R\$1.365 in 2009, down 10.3% year-on-year. The drops in RPC for 2008 and, to a lesser extent, also for 2009 were due in part to the transition to the new pricing policy implemented in February 2009, and for a while increased the RPC for 2008 affecting comparability (a discussion on changes in pricing policies is set forth hereinbelow, under the heading "MAIN DEVELOPMENTS - Pricing Policy").

BM&F Segment - Revenue per Contract (BRL)

	2005	2006	2007	2008	2009	Var. 2008-2009
Interest Rates in BRL	0.962	0.906	0.950	1.141	0.979	-14.2%
FX Rates	2.858	2.244	1.859	2.062	2.161	4.8%
Stock Indices	1.688	1.419	1.501	2.143	1.622	-24.3%
Interest Rates in USD	1.385	1.094	0.965	1.211	1.356	12.0%
Commodities	5.693	4.749	3.195	3.571	2.307	-35.4%
Mini Contracts	0.038	0.034	0.054	0.162	0.176	8.5%
OTC	1.703	1.571	2.111	2.342	1.655	-29.4%
Total	1.467	1.247	1.224	1.522	1.365	-10.3%

Given that the transition to the new pricing policy spanned August 2008 through February 2009, comparability related to the quarters to December 2008 and 2009 has been affected as well. When compared to the third quarter of 2009, overall RPC dropped 4.2%, primarily due to i) 2.9% drop in BRL interest rate contracts traded, as a result of greater concentration on trades in shorter-term contracts, from which we derive lower revenues as these contracts are charged at lower fee rates; and ii) declines of 5.1% in revenues from FX contracts and 13.6% in revenues from USD interest rate contracts, substantially due to appreciation of the Brazilian *real* against the U.S. dollar over the year, as we charge fees for these two contract groups in U.S. dollars.

BM&F Segment - Revenue per Contract (BRL)

	4T08	1T09	2T09	3T09	4T09	Var. 4T08/4T09	Var. 3T09/4T09
Interest Rates in BRL	1.164	0.886	0.941	1.068	1.037	-10.9%	-2.9%
FX Rates	2.699	2.422	2.333	2.031	1.927	-28.6%	-5.1%
Stock Indices	1.806	1.572	1.779	1.559	1.577	-12.7%	1.2%
Interest Rates in USD	1.777	1.554	1.644	1.178	1.017	-42.7%	-13.6%
Commodities	3.126	2.077	2.357	2.440	2.345	-25.0%	-3.9%
Mini Contracts	0.173	0.185	0.196	0.175	0.150	-13.3%	-14.3%
OTC	2.443	2.192	1.756	1.485	1.508	-38.3%	1.5%
Total	1.789	1.345	1.389	1.391	1.333	-25.5%	-4.2%

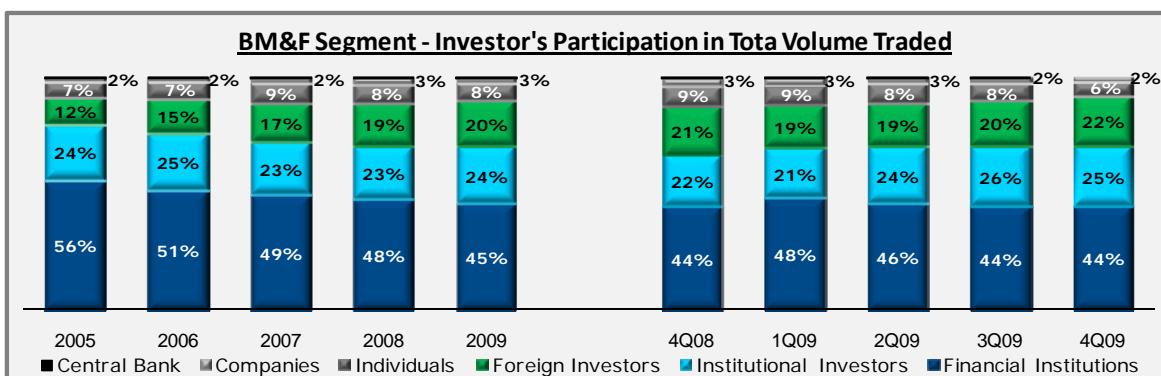
On a year-over-year comparison, the revenues we derive from each of these contracts fell as a result of the slump in volumes traded (except for BRL interest rate contracts) and of the drop in RPC (except for FX contracts and USD interest rate contracts). However, while the volumes traded in BRL interest rate contracts was nearly twofold that of volume trade in FX contracts, the revenues we derived from the latter both in 2008 and 2009 exceeded the revenues derived from the former, as revenues from BRL interest rate

BM&F Segment - Revenue (BRL millions)

	2008	2009	Var. 2008-2009
Interest Rates in BRL	224.0	203.1	-9.3%
FX Rates	274.7	237.7	-13.5%
Stock Indices	46.8	31.9	-31.7%
Interest Rates in USD	28.4	26.1	-8.1%
Commodities	13.3	5.8	-56.2%
Mini Contracts	1.6	2.3	39.4%
OTC	7.3	3.8	-48.0%
Others	5.2	5.4	3.9%
Total	601.3	516.1	-14.2%

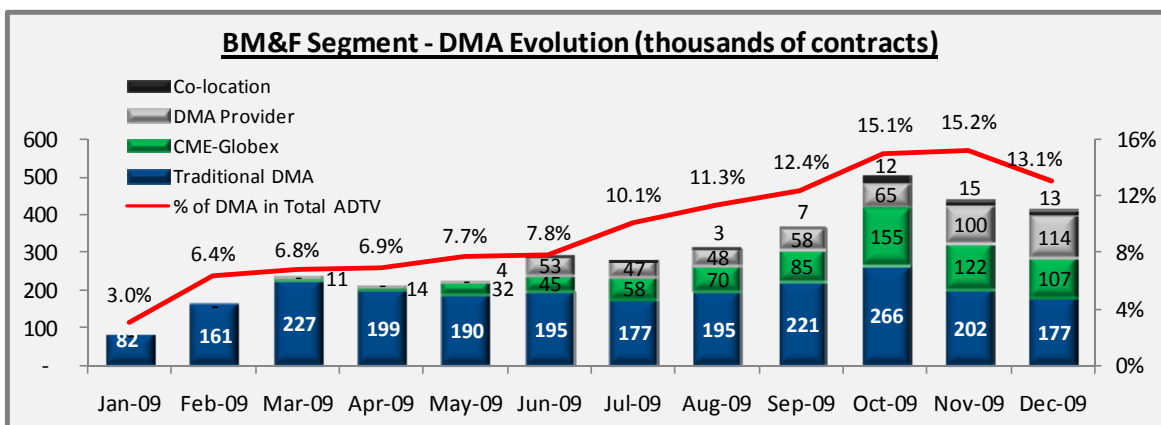
contracts traded accounted for 45.7% of the overall revenues, whereas revenues from FX contracts accounted for 46.1% of the overall revenues from trading in derivatives contracts.

In the five-year period between 2005 and 2009, participation in the consolidated volume by type of investor shows the flow from foreign investors increased considerably, whereas the flow from financial institutions fell. Growth in volumes traded by foreign investors speaks of the significant development and stature achieved by the domestic derivatives market. On a comparison of the quarters to December, there was no significant variation year-over-year.



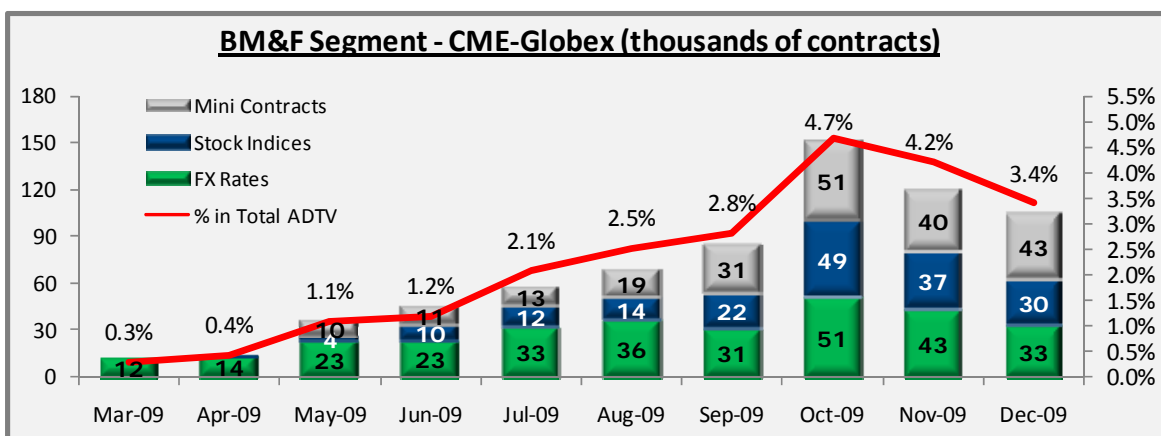
Direct Market Access (DMA)

The volume of trading based on any of the alternatives we offer for Direct Market Access has been growing steadily over the last several months, having accounted for 15.2% of the overall volume in November 2009 to close the year at 13.1%. In addition to the Traditional DMA, which provides electronic access to a multitude of participants and investors, volumes traded via order routing to the CME Globex system and via DMA Providers now begin to compete for space. Moreover, the flow from co-location arrangements is just beginning to show (additional discussion on the different DMA alternatives for trading can be found in the section on technology developments under the heading "MAIN DEVELOPMENTS - Evolution of the Electronic Trading Platforms"). Technological evolution for access to our markets correlates with the heightened level of sophistication of our customers, in particular those that engage in high frequency trading.

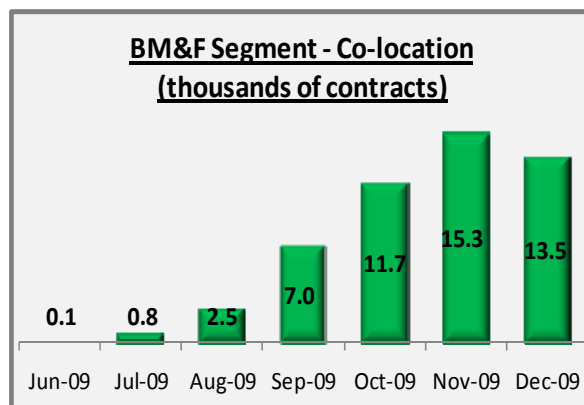


We believe a substantial part of the volumes transacted via Traditional DMA correlates with change in the way certain investors operate, whereas trading routed to the CME Globex and trading via DMA Provider correlate more closely with new volumes and the flow of new investors, in particular high frequency traders.

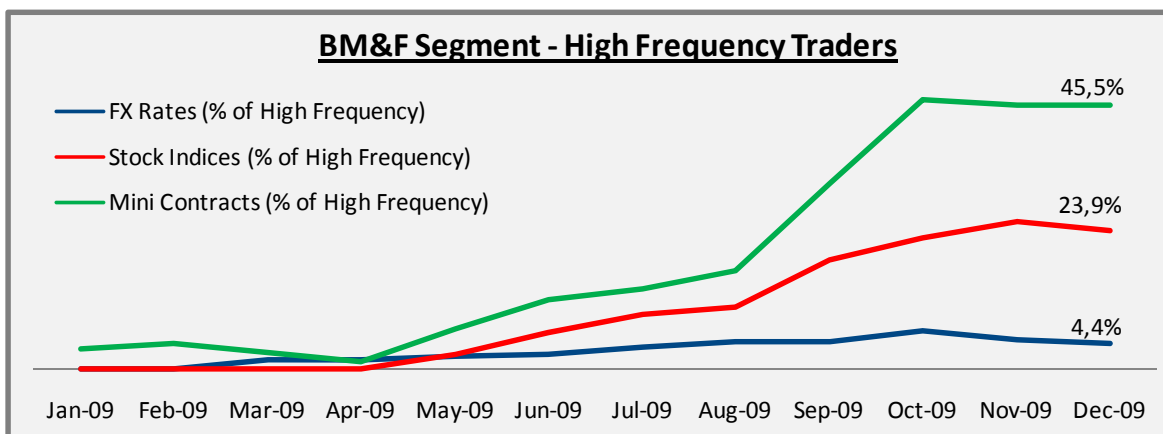
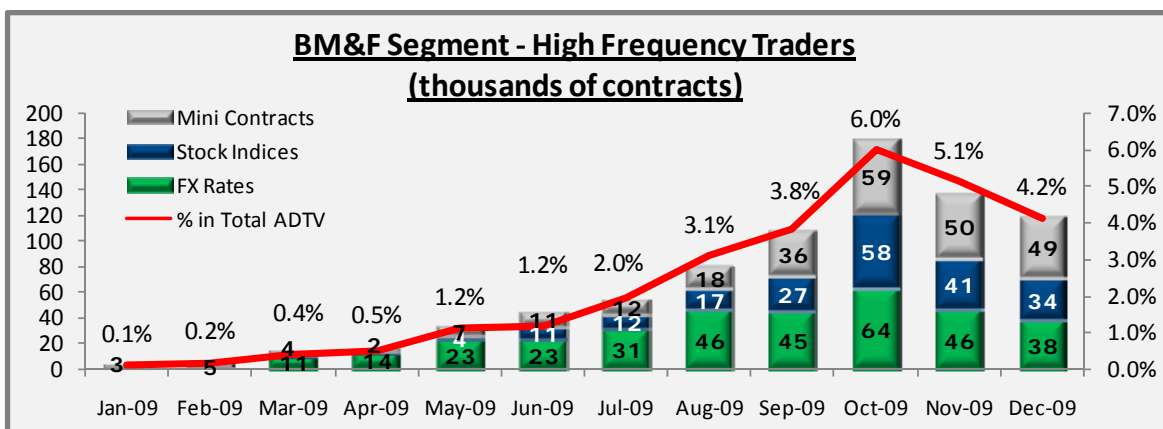
The table below sets forth the fast pace of growth from the flow of orders routed to the CME Globex system. In 2009, the volume of trades routed to that system peaked in October 2009, when it accounted for 4.7% of the overall volume, having closed the year at 3.4% of the consolidated volume, concentrating mainly on FX contracts, stock-index contracts and mini contracts.



In addition, there is a growth trend related to the DMA model implemented via co-location arrangements. A sophisticated form of access to electronic trading systems, this solution permits participants to have the exchange host their servers in the data center, connected to the exchange technology infrastructure, which gives them the ability to make drastic cuts in order entry time. We started offering co-location arrangements to participants in June 2009. While the flow of orders entered through co-location still accounts for less than 1% of the total volume, it has been growing consistently, as the demand for co-location from participants and traders goes up as well.



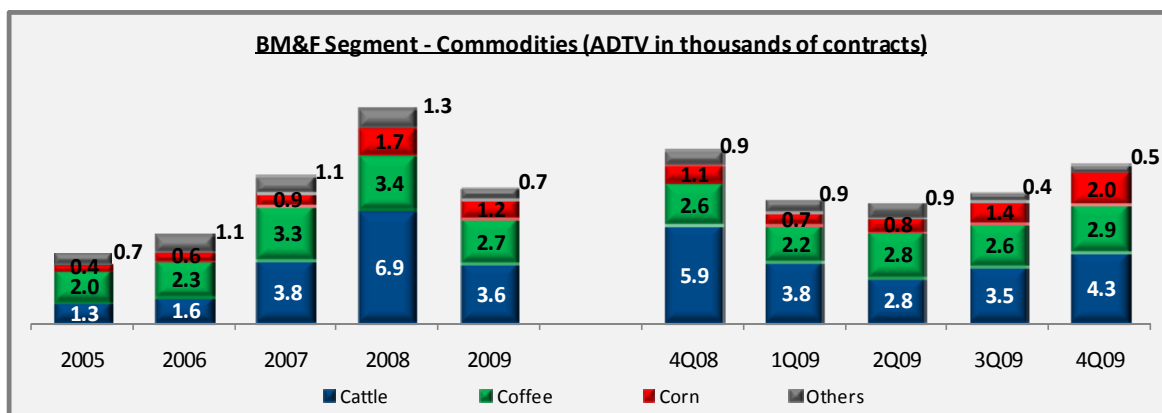
We started the process of implementing different models for direct market access in August 2008. Then, in January 2009, high frequency traders start to operate in BM&F markets. Growth in high frequency volumes was fast, having peaked in October 2009 at 6.0% of the overall volume, to close the year at 4.2% of the volume for the segment. The high frequency flow tends to focus on certain contracts, and in December 2009 volumes from high frequency trading accounted for 23.9%, 45.5% and 4.4% of the overall volumes traded in stock-index contracts, mini-contracts and FX contracts, respectively.



The fast pace of growth in volumes traded via DMA, which includes volumes from trading via order routing to the CME Globex system and high frequency volumes, was the result of significant investments in improvements to the technology infrastructure and the trading system, as well as in the forms of access to the system. In addition, the pricing policy we implemented for the BM&F segment in February 2009 is friendly to high frequency traders, which have a discount on their trades.

Commodities

The commodities market experienced significant growth in recent years but, like the derivatives markets, it was affected by the deleveraging process resulting from the global financial crisis. In the five-year period between 2005 and 2009, trading in live cattle contracts stands out for the surge in average daily number of contracts traded, from 1.3 thousand contracts in 2005 to 3.6 thousand contracts in 2009, having peaked in 2008 at 6.9 thousand daily contracts.

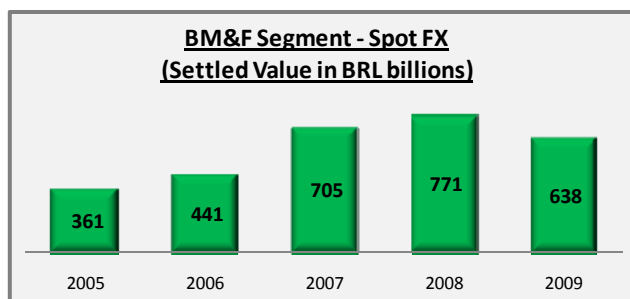


In the quarter to December 2009 the average daily volume traded in corn reached 2.0 thousand contracts, climbing 71.4% year-on-year and 38.3% quarter-on-quarter. Much of this growth is due to the September 2008 launch of cash-settled corn futures contracts, which has since been actively traded.

In order to drive volumes to this market, BM&FBOVESPA has been considering launching cash-settled futures contracts for other commodities, such as ethanol, in addition to an education program for commodity producers.

Spot FX contracts

In addition to offering services in the derivatives markets, the BM&F segment, acting through its FX clearing center, transacts with customers and settles spot market trades in exchange transactions. The financial value of such transactions totaled R\$638 billion in 2009, a 17.2% year-on-year drop, due mainly to appreciation of the Brazilian *real* against the U.S. dollar during part of 2009.



MAIN DEVELOPMENTS

Evolution of the electronic trading platforms

In 2009 BM&FBOVESPA continued to implement its projects towards improving the technology infrastructure, in particular the MegaBolsa and GTS systems, which make up the trading platforms for the Bovespa and BM&F segments. A very significant result of this work was the drastic reduction in latency, coupled with substantial improvements in throughput capacity, placing our trading systems amongst the most advanced systems across the world.

For exchange markets worldwide having the ability to offer very low latency, high throughput capacity and scalability to support market growth and expansion in trading activities are crucial factors and key competitive strengths, which require the Company to make substantial investments in technology.

In addition to reducing latency and increasing capacity, the Company implemented different alternatives to ensure to customers efficient direct market access, or DMA, to the trading systems, whereas enhancing our market data distribution and transmission capacity. Moreover, developing efficient direct market access through electronification of the entire flow, whereas offering streamlined order execution and friendly environments for high frequency trading (high frequency traders make use of computer programs to enter orders with the computer algorithm deciding on aspects of the order, such as timing, price, and quantity). Already high frequency trading accounts for significant portions of the volumes traded in sophisticated international markets, but in Brazil high frequency flows are still incipient, and account for a very small portion of consolidated volumes (in December 2009, high frequency volumes accounted for 4.2% of the volume traded in derivatives and around 10.0% of the value traded in equities.).

Furthermore, the Company adopts the FIX protocol (*Financial Information eXchange*) in its messaging and trading systems. FIX protocol is an open specification intended to streamline electronic communications in the financial securities industry, which supports multiple formats and types of communications between market participants and the trading systems, including email, trade allocation, order submissions, execution reporting. It is technology very commonly used in the industry, making it easier for new participants to access our markets.

The discussion below sets forth a brief description of the evolution of the electronic trading platforms for Bovespa and BM&F markets.

Bovespa segment

The electronic trading system of Bovespa, then an independent exchange, first launched in 1990 as the CATS trading platform (acronym for Computer Assisted Trading System). Later, in 1997, it was replaced with the MegaBolsa system, an advanced system developed by the then *Bourse de Paris* (currently Atos Euronext Market Solutions, a subsidiary of NYSE Euronext). Since then, the MegaBolsa underwent different stages of development to reach the current configuration as the V900 version of MegaBolsa.

Further developments over the course of 2009, brought latency down to approximately 10 milliseconds from 300 milliseconds at start of year, which translates into over 96% reduction in round-trip time (RTT).

Meanwhile, in the same period, throughput capacity doubled to process 1.5 million daily trades from 770.0 thousand earlier, which means capacity to process orders entering the system is tenfold that of the number of actual trades, in addition to processing all clearing activity.

Beyond offering lower latency and higher throughput capacity, improvements implemented in 2009 also permitted the Company to offer different DMA models for access to the trading system. The traditional DMA model for the Bovespa segment, which takes advantage of the infrastructure of broker members to connect end users to the exchange, first launched in 1999 as the Home Broker system, providing access to retail investors.

In addition, the trading platform is structured to offer other access models, such as DMA via Provider, which uses the infrastructure of online routing providers for the order routing process; DMA via Direct Connection, which permits the user to hire a direct link to the exchange; and Co-location arrangements, pursuant to which we host the customer server

in our data center. These three DMA models, which do not dispense with broker intermediation, will be available to market participants and investors in Bovespa Segment promptly upon being approved by the Brazilian Securities Commission (CVM).

Main technology developments in the course of 2009 in the Bovespa segment include the following:

May: implementation of the V900 version of the MegaBolsa system, which lowered latency to estimated 153 milliseconds from 299 milliseconds earlier;

October: implementation of the MegaDirect system, the new external communications system used by the automated connections of broker members, which reduced the round trip time to about 10 milliseconds from 153 milliseconds previously, and gave market participants the ability to use multiple trading screen solutions offered by independent software vendors, or ISVs; and

November: throughput capacity increased to clear 1.5 million stock trades by day, from 770.0 thousand daily trades earlier.

BM&F Segment

The electronic trading system for derivatives first launched in 2000 as the GTS platform (acronym for Global Trading System). This first version of the platform had also been developed by the then *Bourse de Paris*. Early in 2008 the system was replaced with a new proprietary system we developed internally. After the trading floor shut down in June 2009, all trading activity for the derivatives market is processed through the GTS platform.

As with the Bovespa segment, technology developments implemented over the course of 2009 brought round trip time down to 10 milliseconds at year-end from 25 milliseconds earlier. Throughput capacity in turn supports 200.0 thousand daily trades since before 2009, for average daily demand at year-end comprising approximately 50.0 thousand daily trades.

In addition, the Company offers four different models for direct market access, i.e., traditional DMA and order routing to the CME Globex system, implemented in August and September 2008, respectively, and DMA via Providers (three providers have been homologated thus far), DMA via Direct Connection and co-location arrangements.

Main technology developments in the course of 2009 in the BM&F segment include the following:

January: the first DMA Provider, Marco Polo, was homologated;

February: the GTS systems started routing the South-North order flow to the CME Globex system.

April: homologation of Bloomberg Tradebook as DMA Provider;

June: authorization for access through co-location arrangements, whereby customers locate their servers in the exchange data center for state of the art direct access to the trading system; implementation of the GTSLiNe, a pre-trade risk control tool, which is available to any model for access to the GTS system; shutdown of the trading floor so that trading on BM&F markets which is now a fully integrated electronic trading system for derivatives.

October: authorization for launch of the fourth model for access to BM&F markets, i.e., DMA via Direct Connection;

Moreover, the Company has been working on adjustments to adapt to post-trade systems used by U.S. brokerage firms (in particular, within the CME structure, the futures commission merchants, or FCMs) and their customers, for lack of a post-trade system prevents large scale offerings of BM&F contracts by FCMs for execution through order routing in the North-South direction. BM&FBOVESPA engaged a well-renowned U.S. technology provider to develop the post-trade solution.

BM&FBOVESPA's communications network

In order to meet the demand that stems from our growing capital markets and the increased sophistication of trading practices and models, on July 13, 2009, the Company launched the BM&FBOVESPA Communications Network (RCB), which will supplement services offered through the Financial Community Communications Network (RCCF). The network connects market participants to the electronic trading systems at very high speed and data transmission capacity. It also offers flexibility to participants as they have the ability to choose telecommunications provider, data transmission technology, network capacity and speed, as well and the contingency resources.

Challenges and investments in technology

The technical difficulties we faced in the course of some trading sessions in both the Bovespa and BM&F segments during 2009 were promptly solved by our technical teams, which implemented specific technology solutions and/or referred to the problem to providers in charge of the infrastructure for participant access to these markets. BM&FBOVESPA continually invests in, and works to improve the trading platforms to mitigate or eliminate computer failure risks.

Investments in developing improvements to our technology platform amounted to R\$67.3 million in 2009, for the most part allocated to enhancing the MegaBolsa and GTS trading systems, developing DMA models, and expanding throughput capacity for Bovespa markets. Budgeted investments for 2010 amount to R\$255.6 million.

Protocol of Intent and global preferred strategic partnership with the CME Group

BVMF announced, on February 11, 2009, it has entered into a Memorandum of Understanding with the CME Group, Inc., for the creation of a global preferred strategic partnership with an aim to: (i) pursue strategic investments and commercial opportunities with other international exchanges, on a shared and equal basis; (ii) jointly develop a multi-asset class trading platform for the trading of equities, derivatives, fixed income securities and other exchange-traded or OTC-traded assets; (iii) increase its ownership interest in CME to 5%, equivalent on this date to approximately USD1 billion; and (iv) receive a seat on CME's Board of Directors.

For the complete implementation of each phase of the new platform, including the acquisition of all the related underlying technology and intellectual rights, BM&FBOVESPA investments, over the next 10 years, are estimated for the amount of USD175 million at a present value of USD100 million.

The Company will raise its equity stake in CME to 5%. It is equivalent to approximately USD620 million and will be pending of the approval of a decision of the shareholders' meeting.

The approval of the final agreement for implementation of the strategic partnership will be pending, among other things, of a decision of the board of directors.

Agreement with Nasdaq

In December 28, 2009, BM&FBOVESPA released a material fact regarding its negotiations with The NASDAQ OMX Group, as follows:

- Order Routing: NASDAQ OMX intends to develop a technological system that will allow (a) North-American broker dealers connected to the system to send buy and sell orders for stocks traded in BM&FBOVESPA, through a contractual relationship with a Brazilian broker, and (b) Brazilian brokers connected to the system to send buy and sell orders for stocks traded in NASDAQ OMX, through a contractual relationship with a North-American broker dealer.
- Distribution of Prices of Securities (Market Data): NASDAQ OMX will distribute the prices of the securities (market data) traded in BM&FBOVESPA and BM&FBOVESPA will distribute the prices of the securities traded in NASDAQ OMX. Such agreement provides for electronic and international distribution on a non-exclusive basis.
- Licensing of Products to Brazilian Companies: BM&FBOVESPA will offer to publicly traded Brazilian companies products licensed from NASDAQ OMX, designed to support and facilitate the activities of such companies, as those related to investors relations (IR), structuring and management of board of directors, issuance of press-releases and communications to the market and analysts.

CFTC approval to Ibovespa options and futures

On August 26, 2009, the regulatory authority for the U.S. derivatives markets, Commodity Futures Trading Commission, or CFTC, granted approval for U.S. investors to trade on BM&FBOVESPA markets any of the following contracts and strategies: Ibovespa futures contracts; mini Ibovespa futures contracts; American-style call option on Ibovespa futures contracts, American-style put option on Ibovespa futures contracts; forward points strategy on Ibovespa futures (FWI); and structured Ibovespa rollover transactions (IR1).

This authorization will give an important group of prospective investors access to BM&FBOVESPA stock index contracts, which should enhance liquidity in these products. In addition, because they will be traded through direct market access (DMA), this should drive improvements in volumes routed from the CME Globex system.

Pricing policy

We implemented over the year changes to our pricing policies and the prices of a number of products and services BM&FBOVESPA offers. These changes aimed mainly to implement a more efficient and competitive pricing model, reducing cross subsidies across our product lines, as encompassing trading, clearing and other service offerings, in addition to adjusting price schedules to our cost structure and to better reflect international practices.

Bovespa segment

Trading / Clearing: 0.0005% reduction in fees charged on cash market trades implemented on May 2009, with the aim of counterbalancing the increase in fees charged by the central depository, implemented as of the same date.

Central Depository System: starting from May 2009, adoption of different fee rates charged on the value of securities under custody of the central depository (not applicable to non-resident investors or to custody accounts under R\$300 thousand. In addition, in December 2009 we announced a change in the rates and form of calculation of this charge set to start from June 2010 (this last change should have a neutral effect on the revenues from depository services, as derived pursuant to the rate schedule implemented on May 2009).

Securities lending: starting from May 2009, BM&FBOVESPA pays a 0.05% rebate to investors granting shares for the securities lending program as a means to incentivize stock grants.

Unexecuted Order Fee: in April 2009 we implemented a reduction in the charge for unexecuted orders directed to the market for options on shares. The fee was reduced to R\$0.02 from R\$0.05. Then, in August 2009, the charge on unexecuted orders entered in the MegaBolsa system was reduced to R\$0.04 (from R\$0.05), whereas the maximum number of orders per executed trade changed to six (from four).

Studies on new pricing policy: the Company has been conducting studies for a possible reformulation of the pricing policy for trading and clearing activities in the Bovespa segment, with the aim of enhancing the competitiveness of Brazilian equities markets vis-à-vis other international markets, and to capture additional volumes and attract new participants.

BM&F segment

On February 16, 2009, we implemented a new pricing policy pursuant to which fees for trades in futures and options contracts are charged based on scaled discount rates, by volume range. In addition, under the policy a 70% discount is granted to high frequency traders and a 10% discount to orders transmitted and executed via any DMA model.

This policy was adopted as the last phase of a transition process, which involved (i) in August 2008, discontinuing discounts previously granted to participants, which for a while increased revenue per contracts as discussed above; (ii) in November 2008, granting other discounts aimed to counterbalance the additional revenues earned in the period from August to November 2008; and (iii) in February 2009, implementing the new pricing policy that includes discounts by volume range, which is currently in place.

Market Data

Starting from April 2009, the Company charges for distribution and transmission of market data in a move aimed to even charging policies adopted in both the Bovespa and BM&F segments, and for consistency with international practices.

New Listings

The new price schedule for the listing fee and the annual fee was implemented at the start of 2009 with the adoption of a transition period spanning 2009 and 2010, during which discounts on the new fees will be granted.

BM&FBOVESPA cross-border representative offices

BM&FBOVESPA keeps cross-border representative offices in strategically selected locations with the aim of developing and strengthening the non-resident customer base, and to promote and market our products and services in international markets.

BM&FBOVESPA (UK) Ltd., based in London, is responsible for covering the United Kingdom, Europe and the Middle East, whereas BM&F (USA) Inc., based in New York, is responsible for covering the principal financial centers in the United States and Canada. In addition, the Company keeps a representative office in Shanghai, which focuses activities in all of Asia, whereas a São Paulo representative team covers activities in Latin America.

Having a presence in international markets makes for more focused strategic prospecting and better support to non-resident customers, including through education and training actions oriented towards investors, and through incentive programs oriented towards the intermediation industry.

In addition to promoting expansion and richer commercial relations, our international representative offices provide support to the Company's institutional activities abroad.

Operating qualification program – PQO

In 2005 the Company established a quality certification program for brokerage firms that operate in BM&F markets, which includes training and guidance on market standards with the aim of strengthening their position as brokerage firms and market participants, whereas ensuring sound market practices. Under the program, brokerage firms are classed under any of five broker categories, as follows: "Web Broker," "Retail Broker," "Agro Broker," "Carrying Broker" and "Execution Broker." Each of these categories correlates with a specific strategic approach a broker member takes to its business.

For certification purposes, a brokerage firm is required to operate pursuant to operating standards based on which certification seals are issued. There are general standards which every brokerage firm must observe and adopt, which constitute minimum certification requirements, and special standards applicable to each certification category, which a brokerage firm must observe and adopt consistent with the specialization of their business.

Adherence to both general and special quality standards is verified pursuant to audit processes conducted by exchange auditors, whereas a certification seal is granted only upon issuance of an opinion by the PQO Certification Committee (composed of exchange executives and officers) advising that the applicable requirements are fulfilled and recommending the certification.

At the end of 2009, BM&FBOVESPA had granted certification seals to 80 brokerage firms, versus 75 at the end of 2008, eleven of them being new certification seals, whereas six previously issued certifications had been cancelled.

The high standards by which brokerage firms operate in markets BM&FBOVESPA manages underpin the development of Brazilian capital markets, and assures our products and services are channeled efficiently to end customers. We plan to extend the program to participants of the Bovespa segment in the course of 2010.

ANALYSIS OF THE MAIN LINE ITEMS OF THE INCOME STATEMENT

Operating revenues

Consolidated gross operating revenues for 2009 fell 6.2% year-on-year to R\$1,672.9 million from R\$1,783.4 million one year ago. A breakdown of consolidated operating revenues shows that:

- Revenues from trading and settlement activities in the Bovespa segment totaled R\$849.2 million, having accounted for 50.8% of total revenues, a 5.1% year-on-year drop due primarily to 4.3% year-on-year decline in value traded. However, over the year these revenues increased consistently, and in the second half of 2009 went up 34.5% from the six-month period to June 2009, with revenues for the quarter to December having soared to record high levels; and
- Revenues from trading and settlement activities in the BM&F segment totaled R\$537.1 million, having accounted for 32.1% of total revenues, a 13.8% plunge from the year before due mainly to a 10.3% drop in average RPC and a 3.3% tumble in volumes traded.

As a result, revenues from trading and settlement activities in both equities and derivatives markets accounted for 82.9% of total revenues, versus 85.1% in 2008.

Other revenues added additional R\$286.7 million, a 7.8% increase over one year ago (R\$266.0 million), primarily due to the following:

- 32.8% year-on-year increase in revenues from listing and annua fees, due to the change in pricing policy and the end of certain discounts previously granted to issuers listed on any of the special corporate governance segments;
- 12.3% year-on-year rise in revenues from the central depository and from custody and back-office activities, as a result of the change in pricing policy and implementation of an additional fee based on value of assets held in custody for resident investors hold accounts over R\$300.0 thousand;
- 103.8% year-on-year surge in revenues from access to the trading systems, as a result of implementation of the pricing policy for access to both trading segments;
- 33.1% year-on-year rise in fees from distribution of market data to vendors, which totaled R\$57.7 million, due in large part to implementation of the new pricing policy starting from April 2009;
- 32.0% slump in revenues from securities lending, an activity that was significantly affected by the market contraction of the first half of 2009 but recovered somewhat in the second half of the year, when revenues increased to R\$19.4 million from R\$13.6 million in the previous year;
- Revenues from dividends from equity held in other companies amounted to R\$12.6 million and in large part correlate with ownership interest in the CME Group.

Taxes charged on revenues amounted to R\$170.4 million, and represented approximately 10.2% of gross operating revenues.

Operating expenses

Consolidated operating expenses tossed 21.3% year-on-year, to R\$569.8 million from R\$723.7 million earlier. A breakdown of these expenses shows:

- Expenses with data processing were down 27.4% year-on-year, to R\$102.6 million from R\$141.3 million earlier, in large part due to synergies captured from the integration of the two exchange operators;
- Cost savings of 37.8% in expenses with marketing and promotion, which totaled R\$19.6 million versus R\$31.4 million previously, also due to synergies captured from the integration process; and
- The 2008 expenses with the BM&F and Bovespa integration process, of R\$129.6 million, were nonrecurring, such that no such expense was incurred in 2009.

On the other hand, expenses with personnel increased 17.2% year-on-year, to R\$289.8 million from R\$247.3 million earlier mainly due to the effects of the stock option plan for employees, in the amount of R\$59.6 million (R\$25.0 million in 2008), and expenses with termination resulting from the exchange integration process, which in the quarter to January 2009 amounted to R\$18.0 million. Expenses with communication, were up 25.1% year-on-year, to R\$23.4 million from R\$18.7 million one year ago, due to increase in volumes traded, which in turn increased postal expenses for remittance to trade execution notices.

Interest income, net

Net interest income amounted to R\$253.9 million, composed by revenues from interest earning financial investments in the amount of R\$289.7 million, meaning a 20.6% year-on-year decrease due mainly to decline in the interest rate earned on these investments, and financial expenses of R\$35.8 million, which dropped 39.2% from the year before.

Interest income essentially correlates with interest earning cash and cash equivalents, which as of December 31, 2009, totaled R\$3.2 billion, whereas financial expenses correlate mainly with:

- fluctuations in exchange rates which we use to record the balance of banking accounts existing abroad; and
- expenses with clearing and custody fees for services used by Banco BM&F.

Income tax, social contribution on net income and amortization of goodwill

Income before taxes totaled R\$1,186.6 million. Income tax and social contribution amounted to an aggregate of R\$304.5 million, in large part composed by deferred income tax and social contribution in the amount of R\$336.6 million, with no impact on cash flow.

Income and social contribution taxes correlate with:

- deferred tax liabilities of R\$333.9 million related to temporary differences from amortization of goodwill for tax purposes, with no impact on cash flow. Of this amount,

R\$318.6 million are related to amortization of goodwill in 2009 and R\$15.3 million related to the base established in 2008;

- recognition of tax credits amounting to R\$35.5 million related to tax losses carry forward and the negative basis of social contribution registered by the former Bovespa Holding.

As a result, the actual tax burden for 2009 was 25.7% [of gross revenues.

EBITDA and net income

EBITDA for 2009 amounted to R\$975.1 million, or a 6.7% rise over EBITDA for 2008, which amounted to R\$913.5 million. Likewise, EBITDA margin increased to 64.9% from 57.0% one year ago.

BM&FBOVESPA S.A. ascertained net income of R\$881.1 million for the year, or a 36.5% climb from the year before mainly due to the abovementioned cost savings. In addition (i) in 2009, we did not incur nonrecurring expenses with the exchange integration process, which in the previous year amounted to R\$129.6 million; (ii) in 2008 we recognized in the income statement the expense from proportionate amortization of goodwill on the share merger transaction with Bovespa Holding S.A., in the amount of R\$324.4 million, the net impact of which amounted to R\$235.0 million; and (iii) on the other hand, in 2009 we registered deferred tax liabilities of R\$333.9 million related to temporary differences from yearly amortization of goodwill for tax purposes, with no impact on cash flow.

Main lines items under Assets

As determined in the consolidated balance sheet as of December 31, 2009, total assets amounted to R\$21,201.2 million, 15.3% of which correlate with cash and cash equivalents, including short and long term financial investments, totaling R\$3,236.2 million.

Noncurrent assets of R\$18,422.2 million accounted for 86.9% of total assets, comprised mainly of intangible assets worth R\$16,117.9 million and investments worth R\$1,319.4 million.

Main lines items under Liabilities and Shareholders' Equity

Current liabilities of R\$1,162.1 million accounted for 5.5% of total liabilities and comprised mainly cash collateral of R\$810.3 million received from customers and obligations under repo agreements amounting to R\$144.5 million.

Long-term liabilities as of December 31, 2009 amounted to R\$313.0 million, and accounted for 1.5% of total liabilities, comprised mainly of deferred income tax and social contribution in the amount of R\$261.1 million, which correlates with provisioned temporary differences from amortization of goodwill for tax purposes.

Shareholders' equity as of December 31, 2009 totaled R\$19,709.7 million, and consisted of capital stock of R\$2,540.2 million (12.9%), capital reserves of R\$16,666.5 million (84.6%), revaluation reserve of R\$23.6 million (0.1%), bylaws reserves of R\$706.1 million (3.6%), and legal reserve of R\$3.5 million (0.02%). In addition, shareholders' equity was

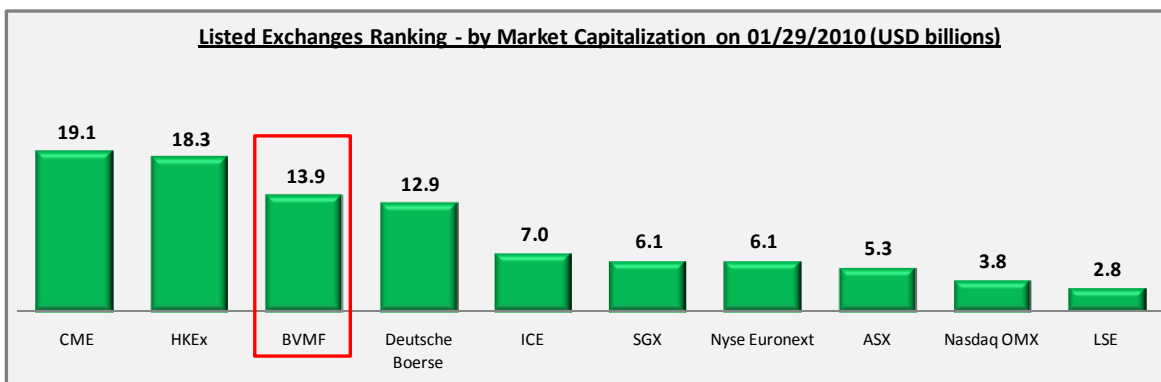
adjusted to reflect treasury stock worth R\$230.1 million, existing as a result of the share buyback program previously implemented.

OTHER HIGHLIGHTS

Integration and synergies

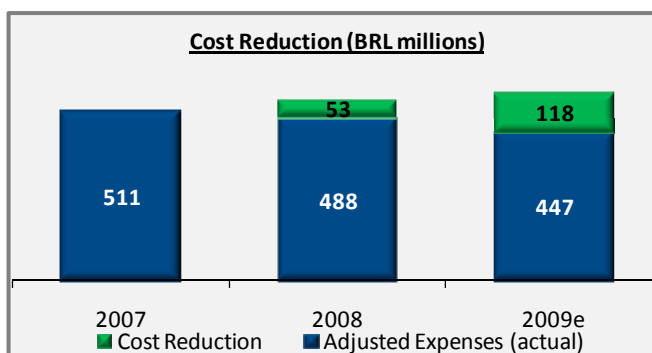
The year marked the process of consolidation of the integration process of the two formerly independent exchanges, which had begun in May 2008, and for capture of the synergies ensuing from this integration process.

With the integration of the two exchanges Brazil now has the fourth largest exchange across the world by market capitalization (as determined based on the BRL:USD exchange rate as of December 30, 2009), behind only the CME Group's Chicago Mercantile Exchange, the Hong Kong Exchanges and Clearing Ltd., and the *Deutsche Börse's* Frankfurt Stock Exchange (at the end of January 2010 BM&FBOVESPA's exchange had surpassed the German exchange by market capitalization, which made it the third largest exchange worldwide – source: Bloomberg). In addition, BM&FBOVESPA became a full-service exchange for the variety of markets it operates and listed products it offers the financial and capital markets.



By the end of the first half of 2009 the synergy capturing process was virtually complete, after the elimination of duplicate activities previously performed by BM&F and Bovespa as independent companies, and a 28.5% reduction in personnel, to 1,306 employees in December 2009 from 1,828 employees in May 2008.

This movement, coupled with reductions in technology, administrative and marketing costs, accounted for a 20.9% drop in recurring expenses between 2007 and 2009. For comparison, the (adjusted) recurring expenses would have amounted to R\$564.5 thousand (meaning R\$511 million, which was the combined cost of the two companies before the integration



process, as adjusted for 2008 and 2009 accumulated inflation), whereas actual recurring expenses at the end of 2009 amounted to R\$446.7 million. The recurring expenses were adjusted for expenses that have no impact on cash flow (i.e., expenses with stock options

plan, depreciation and the allowance for doubtful accounts) and for termination expenses incurred in the first quarter of 2009.

DISTRIBUTIONS AND SHARE BUYBACK PROGRAM

Over the year the board of directors of BM&FBOVESPA approved distributions of dividends and interest on shareholders' equity based on 2009 results amounting to an aggregate of R\$457.0 million. In addition, a proposal to pay additional dividends will be submitted to the annual shareholders' meeting for approval.

The table below sets forth data on actual and proposed dividend and interest on shareholders' equity distributions.

Type of event	Date of Board meeting	Total distribution amount (R\$)	Gross distribution per share (R\$)	Net distribution per share (R\$)	Shareholder position as of (base date)	Payment date
Interest ^(*)	May 12, 2009	112,000,000	0.05593136	0.04754166	May 15, 2009	May 5, 2009
Interest ^(*)	Aug. 11, 2009	141,500,000	0.07065390	0.06005583	Aug. 14, 2009	Aug. 26, 2009
Dividends	Aug. 11, 2009	33,500,000	0.01672720	0.01672720	Aug. 14, 2009	Aug. 26, 2009
Dividends	Nov. 10, 2009	150,000,000	0.07488818	0.07488818	Nov.12, 2009	Nov. 24, 2009
Interest ^(*)	Dec. 17, 2009	20,000,000	0.00997624	0.00847980	Dec. 22, 2009	Jan. 8, 2010
Total		457,000,000	0.022817688	0.20769267		

(*) Interest on shareholders' equity

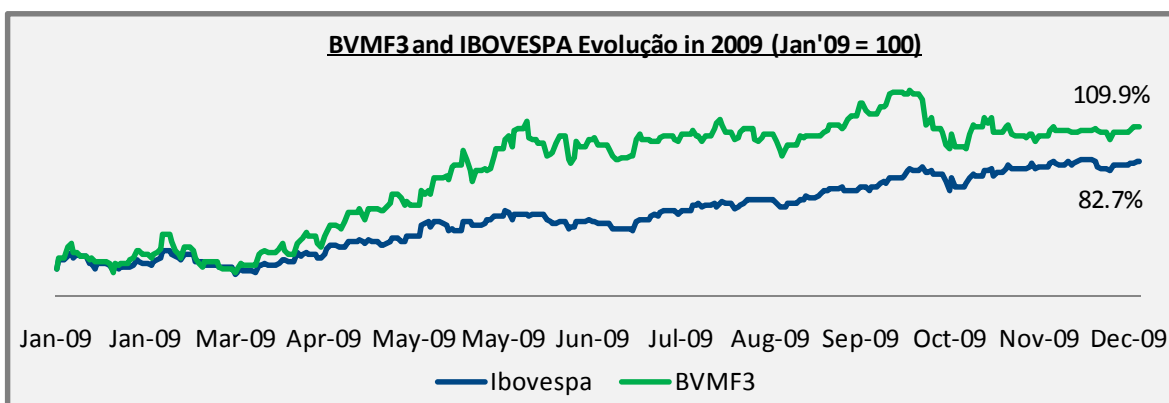
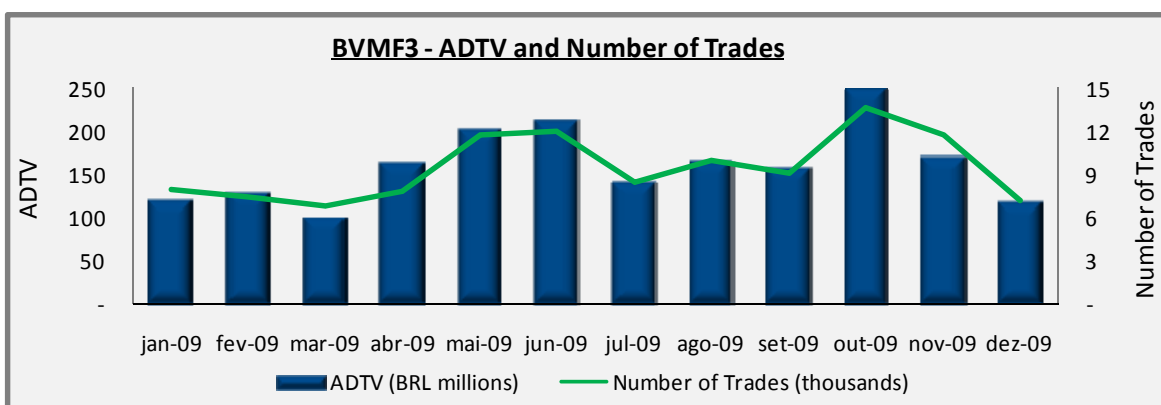
On September 24, 2008, the board approved a share buyback program permitting the Company to repurchase up to 71,266,281 shares, which was discontinued in February 2009 (and terminated by the board of directors in May 2009). A total of 45,686,000 shares were repurchased under the program at the average price per share of R\$5.85, as the table below sets forth.

Period	Quantity of shares	Average price (BRL)	Total (BRL)
Total 2008	34,191,200	5.62	192,197,818.21
Jan-09	9,288,300	6.46	60,031,758.37
Feb-09	2,206,500	6.79	14,992,125.06
Total	45,686,000	5.85	267,221,701.64

The repurchased shares were kept as treasury stock. For fulfillment of stock options exercised, by end-January 2010 the Company had reissued treasury stock totaling 7,696,834 shares.

PERFORMANCE BY BVMF3 STOCKS

BM&FBOVESPA shares were the fourth most actively traded stocks in the equities market, with 9.5 thousand average daily number of trades and R\$160.8 million average daily financial value traded. Turnover velocity for BVMF3 shares was 188.2%, a very high turnover across markets. BVMF3 shares appreciated 109.9% over the year (as adjusted for distributions), while the appreciation of Ibovespa was 88.7%.



In addition, BVMF3 stocks integrates a number of stock index portfolios, and as of December 31, 2009 had been allocated the following theoretical individual participation in index portfolios (except for the Financial Index, data for which are as of January 2010):

- Bovespa Index - Ibovespa (3.9% participation – ranks 6th)
- Brazil 50 Index - IBrX50 (3.0% participation – ranks 9th)
- Brazil Index - IBrX (2.5% participation – ranks 9th)
- Corporate Governance Stock Index - IGC (4.7% participation – ranks 5th)
- Special Tag Along Stock Index - ITAG (4.5% participation – ranks 4th)
- Mid-Large Cap Index - MLCX (2.7% participation – ranks 9th)
- Financial Index – IFCN^(*) (16.9% participation – ranks 2nd).

^(*) IFCN is a financial sector stock index launched January 4, 2010.

OPERATIONAL RISK MANAGEMENT

Internal Audit Office

The internal audit team reports to the Audit Officer. In 2009, based on a work plan approved by the Audit Committee, the audit department carried out an assessment of the internal controls of BM&FBOVESPA, in the course of which the following departments were audited: Financial and Accounting; General Information Technology Controls, and Settlement Bank (Banco BM&F).

Audit reports are submitted to the officer responsible for the audited area, and to the chief executive officer and the audit committee. The audit office monitors implementation of action plans for assessment of improvements in controls.

Moreover, the audit office monitors activities by Company employees to ensure compliance with the policy for trading in BM&FBOVESPA securities and with the Code of Conduct, reporting its findings to the Code of Conduct Committee.

Information security policy

A new information security management model was implemented in 2009, which defined and implemented multiple controls. This was part of the restructuring process of the information security management area, implemented based on the ISO/IEC 27001 standard, which sets the guidelines for appropriate information security management.

The new model and restructuring process targeted the integration of policies and practices previously adopted by the two formerly independent exchanges, i.e., Bovespa and BM&F, as well as improvements to internal controls for mitigation of risk and exposure to potential losses, and improvements to important corporate governance support mechanisms for enhanced and more efficient performance.

Improvements to internal controls

Improvements to internal controls planned for 2009 were part of an action plan designed within the scope of the exchange integration to ensure the efficiency and reliability of financial processes conducted by the Company and subsidiaries.

Additional initiatives were also implemented to enhance internal controls and to for identification and review of information and process flows for proper integration to the ERP system, in addition to actions for improvements to support reports for accounting purposes and implementation of SPED accounting system (government-approved accounting and fiscal file formatting and bookkeeping system).

Plans for 2010 include implementation of an ERP workflow module for all purchases, hirings and payments; new Budget and Management Information system and Costing by Activity system; in addition to a unified Chart of Accounts.

Both implemented and ongoing projects target providing the Company with quality internal controls that will drive gains in efficiency and provide increased assurance about our internal processes and our relations with customers and suppliers.

Central Counterparty – risk management

BM&FBOVESPA manages the following central counterparty clearing facilities absorbed during the exchange integration process of BM&F and Bovespa: (i) equities clearing house (formerly CBLC), (ii) derivatives clearing house, (ii) FX clearing house; and (iii) government securities clearing house. The Central Bank considers these clearing facilities perform systemically material roles. They act as central counterparty (CPP) for the equities markets (including cash, forward options, futures and securities lending markets), as well as for the derivatives market (including futures, forward, options and swap markets), the spot FX market, and the government debt securities markets (cash, forward and repo) and the private fixed-income securities market (cash and securities lending markets).

The central counterparty clearing facilities are responsible for providing efficiency and stability to the market by ensuring trades are properly cleared and settled. A CCP interposes itself between counterparties to financial transactions, becoming the buyer to the seller and the seller to the buyer. Acting in the capacity of central counterparty, our clearing houses absorb the risks of the counterparties in-between a trade transaction and its clearing and settlement, carrying out multilateral activities for financial settlement and clearing of securities and financial assets, in the event of default resorting to certain safeguard mechanisms, or in extreme situations resorting to our own net assets. In modeling and managing CCP risks, we focus on calculation, controls and mitigation of credit risk intrinsic to clearing participants.

For proper risk mitigation, each clearing house has its own risk management system and safeguard structure. These structures comprise the universe of mechanisms and remedies a clearing house may resort to cover losses from failed settlement by a participant. The key components of these safeguard structures include collateral deposited by market participants, often in the form of margin, plus special funds intended to cover possible losses due to defaults and, in addition, co-liability undertaken by broker and clearing agents regarding transactions they intermediate or clear.

Models adopted for margin calculation are stress-test based, meaning they seek to assess market risk taking into account not only recent background volatility in market prices, but also the possibility of unexpected events that would imply behavioral change for prices and the market as a whole.

The principal parameters we use in calculating margin are stress scenarios the Market Risk Committee defines for risk factors that affect the prices of securities, future contracts and financial instruments traded on BM&FBOVESPA markets. The primary risk factors for stress testing include, among other things, the Brazilian *real* to U.S. dollar rate, the BRL fixed interest rates curve; the forward structure of the Dollar-denominated Brazilian yield curve ("*cupom cambial*"), the Bovespa index and the cash prices of stocks.

Deposited Collaterals

Collaterals at the Clearing Facilities	December 31, 2009 (in R\$ millions)	December 31, 2008 (in R\$ millions)
Equities clearing facility	36,437.4	21,481.3
Government bonds	15,665.7	10,185.9
Stocks	17,208.3	9,101.8
Other ^(*)	3,563.3	2,193.5
Derivatives clearing facility	60,605.5	99,047.8
Government bonds	53,754.9	89,760.7
Sureties	1,479.3	3,690.8
Other ^(*)	5,371.3	5,596.2
FX clearing facility	3,766.1	3,724.3
Government securities clearing facility	832.1	1,423.5
Total	101,641.1	125,676.8

^(*) Collaterals comprising shares, debt securities of private issuers, foreign currency securities, sureties, gold, cash and ETFs

As of December 31, 2009, collaterals deposited by participants totaled an aggregate of R\$101,641.1 million, down 19.1% from total collateral deposits of R\$125,676.8 million in

the year to December 2008. This fall correlates mainly with a 38.8% decline in the volume of collateral for assets cleared by the derivatives clearing house, which correlates mainly with the toning down of the level of risk, in a clear indication of the improvements in market conditions as of the dates under observation. This decline in collateral volume deposited in the derivatives clearing house was counterbalanced by 69.6% increase in the volume of collaterals deposited with the equities clearing house, primarily due to heightened activity on Bovespa markets.

MARKET POPULARIZATION - INVESTOR EDUCATION PROGRAMS

Market popularization activities

BM&FBOVESPA enhances its image within the community and the internal audience by implementing targeted communication and popularization actions through the Internet, television, publications, and distributing marketing materials directly to target audiences, as well as by carrying out indirect marketing actions and through the press.

Popularization Programs have been established to present BM&FBOVESPA to the public, including monitored visitations to *Espaço BM&FBOVESPA* and education actions focused on audiences interested in becoming more familiar with the securities and derivatives markets. Education actions include free courses, lectures, student contests, partnerships with educational organizations, investment simulations, a TV show, dissemination through the Internet and the press, articles in institutional publications and a public service center. The main activities include:

- **Financial Education TV Show.** In an unprecedented initiative we agreed a partnership with state-owned TV Cultura based on which in 2009 we launched a TV show for popularization of concepts and principles on economics, management of personal finances, investments and investment planning. A new season of the show is set to air in 2010. According to a poll conducted by Ibope (a media research and statistical organization) an audience of approximately 120 thousand viewers in the State of São Paulo watches the show. The public is encouraged also to watch program episodes online at www.tveducacaofinanceira.com.br.
- **BM&FBOVESPA Space** (*Espaço BM&FBOVESPA*). This is the main attraction at our premises, having received approximately **120** thousand visitants in 2009 (averaging 450 daily visitants). At the Space we offer a 3D institutional video program, historic information on the Exchange, lectures, and trading simulation sessions assisted by a broker.
- **Education Program** (*Programa Educar*). Established in 2006, it includes free courses, lectures and Q&A sessions to educate people on financial matters and personal finances management. The program is designed for different audiences, including *Junior* classes (students between 11 and 14 years of age), *Teen* classes (15-18) and *Master* classes (for college students and adults). There are also courses and lectures targeted to Families, to Women (see "*Women in Action*" below), and senior classes for 'third age' people. A total of 29,577 persons attended our 2009 courses and lectures within the scope of this program. In addition, 2,441 persons attended our course on "How to Invest in Stocks."
- **BM&FBOVESPA Challenge** (*Desafio BM&FBOVESPA*). This is a student contest which aims to educate and stimulate young adult students about the capital markets. Students from public and private schools across the state of São Paulo may

participate. Since implemented in 2006 over 10 thousand students participated in the challenge (1,656 in 2009). In 2010 we will launch an online version of the Challenge, which we plan to extend to the rest of the country.

- **Treasury Direct** (*Tesouro Direto*). This program was established to develop mechanisms to educate the average citizen on how to invest in government securities. With a view to making this type of investment accessible to a wider spectrum of the community, we launched a section in our website which offers an online crash course and a targeted interview with Gustavo Cerbasi, a financial consultant and author of a number of specialized works. In 2009 we registered over 65 thousand access logs to the Treasury Direct course.
- BM&FBOVESPA developed four investment simulators for average citizens to test their knowledge of the market and the Exchange, two of them our own initiatives, another two under partnerships:
 - **Folhainvest** (530 thousand users) is a partnership with newspaper *Folha de S. Paulo*;
 - **UOL Invest** (over 70 thousand users) is a partnership with broadband provider UOL available;
 - **Simulador de Mercados Futuros** (over 47 thousand users) is a simulator for the futures market;
 - **Simulador do Tesouro Direto** (over 32 thousand registered users) is a Treasury Direct simulator.
- **Women in Action** (*Mulheres em Ação*). As part of our popularization programs, Women in Action offers investment education to the female audience. Female investors have been joining the market in greater numbers than the male audience. Amongst retail investors the group of female investors grew by 806% between 2002 and 2009, whereas in the same period the group of male investors grew 493%. In addition, also as part of the Women in Action program we launched in 2009 a marketing campaign under the slogan "*Você nasceu para investir*" (*Born to Invest*), with which we launched the Women in Action gateway that offers personal/household finances management, investment education (including online video education center), budget spreadsheets, advice and access to discussion forums and other related sites and blogs. In addition through this gateway users can enroll to attend courses, lectures and engage in other activities.
- **BM&FBOVESPA Goes to You** (*BM&FBOVESPA Vai Até Você*) is a program that seeks to reach its audience wherever it may be (in the corporate environment, or in schools, universities, professional or commercial associations, unions, and so forth) delivering to prospective retail investors targeted lectures on investment alternatives offered by the Exchange. In 2009 the program visited six beach locations, seven cities that are well-known agribusiness communities and a number of expositions and other events, having reached an audience of over 35 thousand prospective investors.

Marketing actions to promote the Exchange and its markets with the aim of increasing the customer base has reflected positively in terms of people accessing our Internet site, which registered over 2 million access logs every month in 2009. In particular, the financial education gateway at our Internet site and the gateway to our TV show program episodes registered monthly average over 13 thousand and 10 thousand access logs in 2009, respectively, whereas the public service center answered 105,011 prospective customer questions.

Other marketing and promotion activities included the 4th International Congress on Financial and Capital Markets (4º Congresso Internacional de Mercados Financeiro e de Capitais), in the city of Campos do Jordão in August 2009. The Congress is held every two years and is considered the most important industry event in the Southern Hemisphere. In its fourth edition, the congress gathered over 800 market professionals and some of the better respected specialists and scholars of the financial industry.

The Company expects to strengthen financial education and market popularization programs with the aim of expanding scope through the mass media, including free-to-air television and the Internet, and plans to sustain the partnership with TV Cultura and the Financial Education TV Show, which in the 2010 season will air twice as many episodes.

In addition, plans for 2010 include not only continuing direct contact programs and initiatives, such as “BM&FBOVESPA Goes to You”, the Education Program targeted to different audiences and age ranges, the “How to Invest in Stocks” course, and the BM&FBOVESPA Challenge, but also starting web versions of these programs. And we will also launch a new investment simulator for the stock market and both a financial education gateway and TV program targeting young adults and children.

Instituto Educacional BM&FBOVESPA

The mission of BM&FBOVESPA Educational Institute is to disseminate knowledge about the securities and derivatives markets amongst the public at large, including specialized knowledge amongst market professionals, pursuant to high standards of integrity and teaching knowledge. In disseminating specialized knowledge, the Institute is responsible for informational, training and qualification, and specialization and postgraduate courses provided to persons from the public at large, and to brokers, traders and other market professionals, including regulatory agencies personnel.

In addition, the Institute is responsible for conducting the process of certification of professionals for the Operating Qualification Program, or PQO (see the discussion above under the heading “*MAIN DEVELOPMENTS - Operating Qualification Program – PQO*”), for which it offers a professional development program that permits a person acquiring specialized knowledge and building a career in the intermediation industry.

In addition to regular courses taught at our premises in downtown São Paulo, the Institute also organized *in-company* training courses targeted for employees of financial and non-financial institutions.

As the primary center in Latin America for dissemination of specialized knowledge on securities and derivatives markets, the Institute taught 3,700 students enrolled in personal attendance courses and distance learning courses. In 2009 the Institute launched a MBA program with focus on Capital Markets and Derivatives, in addition to a program on introduction to capital markets.

The Institute’s library has a catalog of over eight thousand works, in addition to specialized local and international periodicals.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY; SUSTAINABILITY

From the integration process of BM&F and Bovespa, BM&FBOVESPA inherited a whole range of initiatives and projects tackling social and environmental responsibility and

sustainability. The Company kept these past commitments throughout 2009 and starting in 2010 plans to assess past initiatives to better align them to its mission and value generation objectives. For this purpose, in November 2009 we created the Sustainability Office, which reports directly to the Chief Executive Officer, with the mission of organizing and giving unity to our social and environmental agenda, and implementing new corporate sustainability initiatives focused on BM&FBOVESPA.

Our commitment towards corporate sustainability is underpinned by the realization that (i) the Company performs a key role towards inducing and promoting social and environmental responsibility values and better practices amongst stakeholders, as well as towards the sustainability of public companies across Brazil; and that ii) our role reflects the ever growing importance of social and environmental responsibility in the domestic and international debate over sustainability at large.

Awareness and positive action are historic traits of the Company's pioneering role in the society and the environment in which it operates. Our plan is to deepen our initiatives in this direction. In April 2004, the Company was the first exchange across the world to become a subscribing member of the United Nation's Global Compact initiative for alignment of business operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption, for achievement of common goals, such as building markets, combating corruption, safeguarding the environment and ensuring social inclusion.

In addition, the Company established alliances with civil society organizations to participate in movements and programs as *Associação Viva o Centro* (sustainability of the São Paulo downtown area), *Instituto São Paulo Contra a Violência*; (addresses public security issues), *Movimento Nossa São Paulo* (citizen responsibility initiative); *Pacto Empresarial pela Integridade e Contra a Corrupção* (promotes integrity and combats corruption); and *Programa Empresas Pelo Clima* (carbon emission tracking program that proposes a carbon emission regulatory framework) established by the Center for Sustainability Studies of Getúlio Vargas Foundation (FGV). BM&FRBOVESPA is part of the governance of several of these programs and organizations, appointing representatives to seat on advisory boards, boards of directors and management boards. BM&FBOVESPA initiatives to encourage and disseminate sustainable development of public companies include the following:

- ISE – Corporate Sustainability Index (*Índice de Sustentabilidade Empresarial*): This index measures return on a portfolio composed of shares of companies highly committed to social and environmental responsibility, corporate sustainability and higher corporate governance standards. The ISE was established in December 2005, based on the Triple Bottom Line standard (TBL standard), which captures in an integrated fashion, an expanded spectrum of values and criteria for measuring organizational (and societal) success: economic, ecological and social. The ISE is a benchmark for the Brazilian market and a driver of recommended social and environmental and sustainability practices amongst public companies;
- Carbon Efficient Index (*Índice Carbono Eficiente*): BM&FBOVESPA and the Brazilian National Social and Economic Development Bank (*Banco Nacional de Desenvolvimento Econômico e Social*) announced during the UN Climate Change Conference 2009 (COP-15) in Copenhagen, the development of the Carbon Efficient Index. The objective of this index is to stimulate public companies to reduce greenhouse gas emissions (GHG) and adopt environmental practices, a fundamental step in terms of climate change management. The index will be weighed by the

inventory of carbon emissions associated with the activities associated to a company;
and

- *In Good Company Gateway (Em Boa Companhia)*: within the scope of the Global Compact initiative, this site disseminates social and environmental responsibility activities and initiatives of public companies. It seeks to drive public companies to adopt and promote socially and environmentally responsible practices, whereas making information available to the public at large and investors. In December 2009, a total of 44 companies were participating in this initiative with 307 projects, and the average monthly number of access logs was five thousand.

BM&FBOVESPA social investment initiatives include the following:

- *BM&FBOVESPA: Institute for Social and Environmental Responsibility (Instituto BM&FBOVESPA de Responsabilidade Social e Ambiental)*: the Institute was organized in 2007 in the form of a public interest non-governmental organization locally known as OSCIP (*organização da sociedade civil de interesse público*) for the purpose of integrating and coordinating the Company's social and environmental projects. The three principal initiatives the Institute manages are:
 - Sports and Cultural Space (*Espaço Esportivo e Cultural*) – located in Paraisópolis, a poor and overpopulated district in the city of São Paulo, it is a center for the practice of sports and cultural and artistic activities by children and teenagers of the region. The Space also offers a library with a catalog comprising over four thousand books. In 2009, 456 youngsters were enrolled in sports classes, 196 participated in cultural activities and 149 were enrolled in supplementary learning classes;
 - BVS&A – The Environment and Social Investment Exchange (*Bolsa de Valores Sociais e Ambientais*) – this is a pioneering program inspired in the operating model of a stock exchange, which works as a hub for investors interested in contributing to environmental improvements and the advancement of education and community projects in search of sponsors and financing. In 2009 the program captured R\$691 thousand to finance 24 projects (five projects are now complete, two of them being community-oriented projects and three environmental projects);
 - Contributions to nonprofit and anchor institutions active in different sectors of the community – contributions in excess of R\$1.350 thousand were made to 69 such institutions in 2009.
- *APBM&FBOVESPA – Job Training Association (Associação Profissionalizante BM&FBOVESPA)*: created in 1996, the Association is committed to promoting social inclusion. For this it implements social assistance and education actions aimed to modify present conditions to ensure that young adults are given an opportunity to build on their capabilities and skills for a better future. Programs offered by the Association include Building Employability Skills (*Capacitação para Empregabilidade*), Handyman (*Faz Tudo*) and Beauty Space (*Espaço Beleza*). In addition to activities in its base, São Paulo, the Association developed a partnership with the Mangueira Samba School (originated in the Mangueira *favela* of Rio de Janeiro) to implement the Handyman program in the city of Rio de Janeiro. Previously, in 2008, it had implemented the Beauty Space program in Rio as well. Over 500 young adults were benefited by these programs in São Paulo and Rio de Janeiro.
- *BM&FBOVESPA Athletic Club*: the Company actively supports sports since 1988, when the Ouro Olímpico award was established to reward Brazilian athletes for

outstanding performance in Olympic Games. In 2002, the Athletic Club was established to permit a more active role in the preparation and sponsorship of track and field athletes. Track and field athletics is very popular, permits us to sponsor a number of athletes and has a positive impact on low-income communities. In addition to working with youngsters from the community with a view to promoting social inclusion, the Club sponsors a number of outstanding track and field athletes, 99 of whom were competing in 2009 at an international level under sponsorship of the Company, which funds the athletes' expenses with uniforms, equipment and gear, transportation, training, pays a stipend and in some cases housing allowance as well. In 2009, the Club won the Brazilian Track and Field Trophy for the eighth consecutive time.

BM&FBOVESPA social investment activities are performed under a separate budget, managed pursuant to a governance system that involves the principal executives of the Company.

CORPORATE GOVERNANCE

The exchange integration process from which BM&FBOVESPA emerged in its present configuration in May 2008 created the largest widely-held public company in Brazil, with over 115 thousand local and foreign shareholders, none of whom owns over five percent of the issued and outstanding shares of stock. Diffuse control is a trait that entails particular challenges that can only be overcome through adoption of best corporate governance practices that ensure business is directed and managed pursuant to high standards of responsibility, accountability, transparency and fairness.

The corporate governance structure of BM&FBOVESPA is governed and overseen by an elected board of directors composed of 11 members, most of them independent directors, in accordance with the Bylaws. The board of directors meets at least once every two months. Management is under responsibility of a board of five executive officers led by a chief executive officer. Supported by advisory committees and internal departments these two instances of governance ensure better practices prevail. The current members of the board of directors were elected in April 2009 from among renowned professionals and business leaders. In its previous configuration the board of directors conducted the integration process and consolidated the Company's corporate governance practices, which the present board will continue in addition to setting the principal business guidelines and strategies for the coming years. The table below sets forth the current composition of the board of directors, whose term will expire at the annual meeting that convenes in 2011:

Directors
Arminio Fraga Neto, Chairman*
Marcelo Fernandez Trindade, Vice Chairman*
Candido Botelho Bracher
Claudio Luiz da Silva Haddad*
Craig Steven Donohue
Fabio de Oliveira Barbosa*
José Roberto Mendonça de Barros*
Julio de Siqueira Carvalho de Araújo
Luis Stuhlberger
Renato Diniz Junqueira
René Marc Kern*

* Independent director

Under leadership of the chief executive officer, the board of executive officer is responsible for managing day-to-day operations, directing the activities, and for implementing the general guidelines and policies established by the board of directors, the decisions of shareholders, as expressed at shareholders' meetings, and for ensuring compliance with the Bylaws, submitting proposals on material issues to the board. Moreover, it is through the board of executive officers that our corporate governance practices are disseminated to the other levels of management and across the Company and related parties.

A number of advisory committees and commissions assist the board of directors and Management in their decision-making processes. Three advisory committees are established in the Company Bylaws, namely: the Governance and Nomination Committee, the Audit Committee, and the Compensation Committee. Also, the board of directors established the Risk Committee in 2009. These four Committees report directly to the board of directors.

The corporate governance standards and guidelines, the regulations of administrative bodies and committees, and the Company policies are available in our website in the Investor Relations section.

Furthermore, BM&FBOVESPA shares are listed to trade on the *Novo Mercado*, which adopts more stringent corporate governance standards, including a requirement that only common shares may be issued, and tag along rights for all shares.

HUMAN CAPITAL

In 2009 we invested in building a human capital management model closely in line with the new organizational configuration that emerged from the exchange integration process. The human resources area has been strengthened, policies and practices were revised and unified, new talent attraction, integration and retention practices were adopted, as well as new methods to manage performance, development and recognition implemented, also in line the Company culture.

At year-end the Company had 1,079 employees and 67 interns. Total payroll, including mandatory social charges, totaled R\$148.2 million, with allocation of R\$21.8 million to the employee benefit program, which includes pension fund, health and dental care plans, life insurance, meals and transportation.

Our compensation model includes short- and long-term recognition mechanisms, one in the form of a profit sharing program, the other in the form of a stock options plan.

Under the profit sharing program, which was implemented with the aim of driving productivity and efficiency, recognition is twofold: one portion correlates with collective performance and achievement by the Company of the yearly 'Global Target,' benefitting employees in an evenly fashion; another portion correlates with individual performance and achievement of individual targets, such that benefits depend on the results of semi-annual evaluations of performance.

Based on this evaluation model, we reviewed and redefined priorities and strategic drivers, which we confirmed by the board of directors and detailed in specific projects and performance indicators presented to senior and middle management across company departments.

Moreover, in 2009 we invested R\$1.3 million in employee training and career development, which encompassed participation of 296 employees in the incentivized continuing education program (which includes undergraduate and graduate programs and foreign language courses), as well as internal and external training courses attended by 1,067 employees.

MARKET OMBUDSMAN

The function was established in 2001 for the purpose of bolstering the credibility and transparency of the Brazilian capital markets. The role of the Ombudsman is to pursue and facilitate amicable settlement in the event of conflict between investors and market participants licensed by BM&FBOVESPA.

These conflicts may relate to trading, clearing or custody processes, often originating from a failure or irregularity by a market participant, or misinformation by an investor.

In 2009 the Ombudsman received a total of 2,112 complaints, a number significantly lower than in 2008, which is clearly attributable to the international financial crisis.

In general, however, the role of the Ombudsman has increased consistently since its creation, which is not indicative of deterioration in the quality of services, but rather of the expansion in the domestic capital markets, following the growth of Brazilian economy in recent years.

Given the prospects for future market growth, in 2009 the Company made the decision to expand the role of the Ombudsman and make it more pro-active, which up until now was limited to mediating complaints from investors. Thus, moving forward, in addition to investors, the Ombudsman will receive commentary and complaints from audiences as diverse as our shareholders, and brokerage firms, traders, regulatory entities, institutions that operate in the capital markets and even the press.

BM&FBOVESPA SUPERVISÃO DE MERCADOS (BSM)

In the year to December 2009 we continued the administrative and organizational restructuring process previously planned for enhanced surveillance and oversight, and more streamlined processes. Changes in the period include resizing and better allocation of human resources, improved use of technological resources for market surveillance, review of participant auditing and investigation methods, and a review for simplification of processes and procedures.

These changes were important for more efficient surveillance across the markets operated and managed by BM&FBOVESPA after the exchange integration process, and to prepare BSM for the expected expansion of the capital markets in coming years, as well as to enhance the accuracy of surveillance and investigation methods in the event of suspected or alleged misconduct.

New auditing and investigation methods were implemented in connection with on-site inspection processes, and the auditing schedule revised. The auditing methods are uniformly applied to all market participants, including for assessment of risk controls and information technology processes, and for surveillance of customer registration, trading, clearing and securities custody practices.

In addition, within the scope of BSM's enforcement role, we reviewed processes and practices, allocating teams to specific roles for the processing of administrative cases and for investigations into claims filed against the Investor Compensation Mechanism (MRP). These changes and better streamlined case processing will result in thorough, but swift procedures and prompter results.

In 2009 BSM participated in international events for exchange of information and discussion of self-regulation trends. BSM is now an affiliate member of the International Organization of Securities Commissions (IOSCO) and of the Council of Securities Regulators of the Americas (COSRA), with appointed representatives in committees and workgroups established to tackle self-regulation issues. In addition, BSM attended a meeting of members of the Americas' Central Securities Depository Association (ACSDA) at which it presented the self-regulation model adopted in the domestic capital markets, stressing the positive aspects of prudential regulation and its role in preventing a deeper crisis when the international financial crisis hit the country.

The changes BSM underwent resulted in expansion of its activities. In 2009 we audited a total of 88 brokerage firms versus 21 in 2008, whereas the MRP reserves at year-end accumulated R\$252.5 thousand versus R\$178.0 thousand one year ago.

We should note that, while the BSM budget does depend on BM&FBOVESPA to a certain extent, for example in terms of contributions payable as sponsor member, BSM is an autonomous entity that operates its own budget, and under regulatory authority of the CVM (CVM Instruction 461/07).

SUBSIDIARIES AND AFFILIATES

Banco BM&F de Serviços de Liquidação e Custódia S.A. (BM&F Settlement Bank)

With the purpose of providing services that meet the specificities and peculiarities of the markets in which it operates, BM&FBOVESPA established the BM&F Settlement Bank, a wholly-owned subsidiary, which offers our clearing houses and holders of access rights to our clearing houses facilities that simplify clearing, settlement and custody of securities and other financial assets.

Conceived as an operating support vehicle, the BM&F Settlement Bank operates pursuant to the same high standards of efficiency and security adopted by the clearing houses that integrate the BM&FBOVESPA system, offering custody and settlement-related services in an exclusive, transparent, technical and professional environment.

Service offerings include settlement of transactions registered with the registration chamber, the depository and the registration system; clearing and settlement of securities, derivatives and foreign exchange; local representation and custody services for non-resident investors; and support of investment clubs.

The BM&F Settlement Bank provides important risk mitigation and operational support for the clearings that integrate the BM&FBOVESPA system, and for market participants. It performs activities in line with the strategies and guidelines of the parent company and in accordance with its corporate purposes.

BM&F USA Inc.

BM&F USA Inc is a wholly-owned subsidiary based in New York, which also operates a representative office in Shanghai, China, and a subsidiary in London, UK., organized in November 2009. Its operations in the three bases consist of acting as cross-border representative offices of BM&FBOVESPA, establishing professional relationships with other exchanges and regulatory agencies and prospecting customers for BM&FBOVESPA markets, in particular investors and intermediaries. Additional information on the role of representative offices can be found herein, under the section "MAIN DEVELOPMENTS - BM&FBOVESPA cross-border representative offices" above).

Brazilian Commodities Exchange (Bolsa Brasileira de Mercadorias)

The Brazilian Commodities Exchange is a mutualized entity in which BM&FBOVESPA holds a majority ownership interest. It operates under contract with Companhia Nacional de Abastecimento (CONAB) in implementing the Policy on Assured Minimum Prices (*Política de Garantia de Preços Mínimos*), and in providing public and private electronic auction services for the trading of commodities and services, centralizes the trading of agricultural commodities and OTC agribusiness securities, such as CPRs – Rural Product Notes), CDA/WA – Farming Certificate of Deposit and related Farming Warrant, CDCA – Agribusiness Credit Certificate and LCA – Agribusiness Credit Bill.

BBM is the exchange for the agribusiness, whose operations in 2009 presented the following results: (i) at CONAB auctions, support to sales of 6.7 thousand tons of agricultural commodities worth R\$1.84 billion; (ii) at CONAB Options auctions, volume traded of 2.3 million tons of agricultural commodities; (iii) OTC traded agricultural commodities, where cotton contracts are the highlight with transactions worth R\$3.5 billion and; (iv) trading in OTC agribusiness securities worth approximately R\$4.4 billion.

Bolsa de Valores do Rio de Janeiro

BVRJ is an inactive stock exchange. It has signed a protocol of intent with the state government of Rio de Janeiro which contemplates proposed alternatives to strengthen the local financial market.

INDEPENDENT AUDITORS

The Company and its subsidiaries have retained PricewaterhouseCoopers to audit the financial statements.

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

In the year to December 2009, the independent auditors and related parties provided external audit-unrelated services that accounted for over 5% of the total fees paid for external auditing.

For compliance with the provisions of CVM Instruction 381, the services rendered and the related contracting dates are:

	(BRL thousands)
Account Audit	910
Other services related to audit	290
Other services not related to audit	431
Total	1.631

Justification of the Independent Auditors

The provision of external audit-unrelated services does not affect the independence or impartiality of the audit work performed. The policy adopted by the Company in connection with provision of audit-unrelated services is based on principles that preserve service independence, and the abovementioned services were provided giving due regard to said principles.

ARBITRATION COMMITMENT

The Company, its shareholders, directors, officers and fiscal council members, if active, are required to settle by arbitration any and all disputes arising among them, or related to, or arising from the application, validity, effectiveness, interpretation, violation and effects of violation of the provisions of our Bylaws, the Brazilian Corporate Law (Law No. 6.404/76, as amended), the rules issued by the Brazilian National Monetary Council, the Central Bank of Brazil and the Brazilian Securities Commission (CVM), in addition to other rules and regulations regarding the operation of the Brazilian capital markets, including the *Novo Mercado* Listing Regulation, the Agreement for Participation in the *Novo Mercado*, the Arbitration Regulation of the Market Arbitration Chamber established by BM&FBOVESPA. Any such arbitration proceedings will be conducted before an arbitration tribunal established in accordance with the Arbitration Regulation of the Market Arbitration Chamber.

REPRESENTATION BY MANAGEMENT

Pursuant to the requirement set forth in CVM Instruction 480, Management represents to have discussed, reviewed and agreed with the opinions expressed in the independent auditors' report and the financial statements as of and for the year ended December 31, 2009.

ACKNOWLEDGEMENTS

We wish to express gratitude to employees for their commitment and dedication throughout the year, and to service providers, shareholders, financial institutions and other stakeholders for their support and partnership in 2009.

(A free translation of the original in Portuguese)

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

**Financial Statements at December 31, 2009 and 2008
and Report of Independent Auditors**

(A free translation of the original in Portuguese)

Report of Independent Auditors

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

- 1 We have audited the accompanying balance sheets of BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros (“BM&FBOVESPA”) and the consolidated balance sheets of BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros and its subsidiaries as of December 31, 2009 and 2008, and the related statements of income, of changes in shareholders’ 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 years 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 audits 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.

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

- 3 In our opinion, the financial statements audited by us present fairly, in all material respects, the financial position of BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros and of BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros and its subsidiaries at December 31, 2009 and 2008, and the results of operations, the changes in shareholders' equity, the cash flows and the value added of BM&FBOVESPA, as well as the consolidated results of operations, cash flows and value added for the years then ended, in accordance with accounting practices adopted in Brazil.

São Paulo, February 23, 2010

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Edison Arisa Pereira
Contador CRC 1SP127241/O-0

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

Balance Sheet

at December 31 2009 and 2008

(In thousands of reais)

(A free translation of the original in Portuguese)

Assets	Notes	BM&FBOVESPA		Consolidated	
		2009	2008	2009	2008
Current assets		<u>2,734,723</u>	<u>1,904,077</u>	<u>2,778,968</u>	<u>1,965,461</u>
Cash and cash equivalents	4 (a)	46,746	40,921	50,779	40,227
Financial investments	4 (b)	2,561,793	1,685,145	2,599,784	1,744,069
Accounts receivable - net	5	39,042	104,481	40,205	105,169
Other receivables	6	21,598	7,468	22,656	9,933
Taxes recoverable and prepaid		51,143	9,539	51,143	9,540
Deferred income tax and social contribution	20	5,688	48,594	5,688	48,594
Prepaid expenses		8,713	7,929	8,713	7,929
Non-current		<u>18,265,737</u>	<u>18,342,857</u>	<u>18,422,215</u>	<u>18,464,628</u>
Long-term receivables		<u>503,434</u>	<u>641,653</u>	<u>715,951</u>	<u>808,863</u>
Financial investments	4 (b)	378,537	468,892	585,648	629,945
Other receivables - net	6	555	6,576	4,555	11,361
Deferred income tax and social contribution	20	40,853	73,476	40,853	73,476
Judicial deposits	15 (g)	83,489	92,513	84,895	93,885
Prepaid expenses		-	196	-	196
Investments		<u>1,417,947</u>	<u>1,407,909</u>	<u>1,319,439</u>	<u>1,318,282</u>
Interest in subsidiaries	7 (a)	100,791	92,063	-	-
Other investments	7 (b)	1,317,156	1,315,846	1,319,439	1,318,282
Property and equipment	8	<u>226,457</u>	<u>203,708</u>	<u>268,895</u>	<u>247,850</u>
Intangible assets	9	<u>16,117,899</u>	<u>16,089,587</u>	<u>16,117,930</u>	<u>16,089,633</u>
Goodwill		16,064,309	16,064,309	16,064,309	16,064,309
Software and projects		53,590	25,278	53,621	25,324
Total assets		<u><u>21,000,460</u></u>	<u><u>20,246,934</u></u>	<u><u>21,201,183</u></u>	<u><u>20,430,089</u></u>

The accompanying notes are an integral part of this Financial Statements.

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

Balance Sheet

at December 31 2009 and 2008

(In thousands of reais)

(A free translation of the original in Portuguese)

Liabilities and shareholders' equity	Notes	BM&FBOVESPA		Consolidated	
		2009	2008	2009	2008
Current		978,946	909,932	1,162,075	1,075,744
Collateral for transactions	18	810,317	585,963	810,317	585,963
Earnings and rights on securities in custody	10	31,897	36,020	31,897	36,020
Suppliers		21,318	18,392	21,443	18,442
Salaries and social charges		42,525	20,288	43,237	20,806
Provision for taxes and contributions payable	11	24,404	40,065	24,616	40,254
Income tax and social contribution		886	-	3,697	2,652
Financing	13	9,295	4,087	9,295	4,087
Dividends and interest on own capital payable		20,839	194,984	20,839	194,984
Redemption of preferred shares to be settled	12	1,839	4,132	1,839	4,132
Other liabilities	14	15,626	6,001	194,895	168,404
Non-current		311,765	45,278	313,002	46,729
Financing	13	2,495	-	2,495	-
Deferred income tax and social contribution	20	261,060	-	261,060	-
Provision for contingencies and legal obligations	15	48,210	43,657	49,447	46,160
Other liabilities	14	-	1,621	-	569
Minority interest in subsidiaries		-	-	16,357	15,892
Shareholders' equity	16	19,709,749	19,291,724	19,709,749	19,291,724
Capital		2,540,239	2,540,239	2,540,239	2,540,239
Capital reserve		16,666,489	16,606,853	16,666,489	16,606,853
Revaluation reserves		23,551	24,131	23,551	24,131
Legal reserve		3,453	3,453	3,453	3,453
Statutory reserves		706,119	302,928	706,119	302,928
Treasury shares		(230,102)	(185,880)	(230,102)	(185,880)
Total liabilities and shareholders' equity		21,000,460	20,246,934	21,201,183	20,430,089

The accompanying notes are an integral part of this Financial Statements.

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

Statement of Income

Years ended December 31, 2009 and 2008

(In thousands of reais, unless otherwise stated)

(A free translation of the original in Portuguese)

	Notes	BM&FBOVESPA	
		2009	2008 (*)
Gross operating revenues		1,651,002	994,037
Trading and/or settlement system - BM&F		537,056	622,907
Derivatives		516,052	601,275
Foreign exchange		20,849	21,302
Assets		155	330
Trading and/or settlement system - Bovespa		1,032,201	298,255
Negotiation – trading fees		617,000	179,374
Transactions – clearing and settlement		232,166	66,925
Loans of marketable securities		32,989	9,774
Listing of marketable securities		39,549	10,487
Depository, custody and back office		70,231	22,379
Trading participant access		40,266	9,316
Other operating revenues		81,745	72,875
Vendors – quotations and market information		57,691	30,506
Commodity classification fee		4,304	3,535
Other	23	19,750	38,834
Deductions of revenue		(168,610)	(104,176)
Transfer of trading fees - Bovespa		-	(4,104)
PIS and COFINS taxes		(149,668)	(90,514)
Taxes on services		(18,942)	(9,558)
Net operating revenue		1,482,392	889,861
Operating expenses		(550,959)	(448,518)
Administrative and general			
Personnel and related charges		(284,231)	(173,390)
Data processing		(98,672)	(83,962)
Depreciation and amortization		(40,598)	(22,126)
Outsourced services		(42,145)	(37,355)
Maintenance in general		(10,067)	(9,822)
Communications		(23,204)	(8,108)
Rents		(2,464)	(3,089)
Supplies		(2,409)	(2,695)
Promotion and publicity		(18,850)	(20,733)
Taxes		(1,940)	(454)
Board and committee members' compensation		(5,252)	(6,582)
Integration expenses	24	-	(58,537)
Sundry	21	(21,127)	(21,665)
Equity in the results of subsidiaries	7	6,374	386,402
Goodwill amortization	9	-	(324,421)
Financial results		245,216	171,588
Income before taxation of profit		1,183,023	674,912
Income tax and social contribution	20 (c)	(301,973)	(29,316)
Current		34,616	(142,392)
Deferred		(336,589)	113,076
Net income for the year		881,050	645,596
Outstanding shares at the end of the year		2,004,766,312	2,010,990,091
Net income per share at the end of the year (in reais)		0.439478	0.321034

(*) In 2008, Bovespa's results are presented as equity in the results of subsidiaries considering that, up to November 28, 2008, it was a wholly owned subsidiary of BM&FBOVESPA.

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

Statement of Income

Years ended December 31, 2009 and 2008

(In thousands of reais, unless otherwise stated)

(A free translation of the original in Portuguese)

	Consolidated	
	2009	2008
Gross operating revenues	1,672,894	1,783,358
Trading and/or settlement system - BM&F	552,492	634,230
Derivatives	516,052	601,275
Foreign exchange	20,849	21,302
Assets	155	330
Bolsa Brasileira de Mercadorias (Brazilian Commodities Exchange)	7,146	7,865
Bank	8,290	3,458
Trading and/or settlement system - Bovespa	1,032,201	1,055,028
Negotiation – trading fees	617,000	635,091
Transactions – clearing and settlement	232,166	259,355
Loans of marketable securities	32,989	48,528
Listing of marketable securities	39,549	29,776
Depository, custody and back office	70,231	62,523
Trading participant access	40,266	19,755
Other operating revenues	88,201	94,100
Vendors – quotations and market information	57,691	43,359
Commodity classification fee	4,304	3,535
Other	23 26,206	47,206
Deductions of revenue	(170,350)	(181,347)
PIS and COFINS taxes	(150,786)	(162,752)
Taxes on services	(19,564)	(18,595)
Net operating revenue	1,502,544	1,602,011
Operating expenses	(569,832)	(723,658)
Administrative and general		
Personnel and related charges	(289,806)	(247,349)
Data processing	(102,596)	(141,282)
Depreciation and amortization	(42,396)	(35,140)
Outsourced services	(45,495)	(44,043)
Maintenance in general	(11,007)	(13,536)
Communications	(23,428)	(18,721)
Rents	(3,032)	(4,351)
Supplies	(2,510)	(3,629)
Promotion and publicity	(19,555)	(31,446)
Taxes	(2,323)	(1,655)
Board and committee members' compensation	(5,252)	(9,219)
Integration expenses	24 -	(129,576)
Sundry	21 (22,432)	(43,711)
Goodwill amortization	9 -	(324,421)
Financial results	253,862	305,972
Income before taxation of profit	1,186,574	859,904
Income tax and social contribution	20 (c) (304,505)	(212,741)
Current	32,085	(331,879)
Deferred	(336,590)	119,138
Minority interest	(1,019)	(1,567)
Net income for the year	881,050	645,596

The accompanying notes are an integral part of this Financial Statements.

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

Statement of Changes in Shareholders' Equity

Years ended December 31, 2009 and 2008

(In thousands of reais)

	Notes	Revenue reserves						Retained earnings	Total
		Capital	Capital reserve	Revaluation reserve (Note 16(c))	Legal reserve	Statutory reserves (Note 16(d))	Treasury shares (Note 16(b))		
Saldos em 31 de dezembro de 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 recognition 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(e)	-	-	-	-	-	-	(203,644)	(203,644)
Interest on own capital	16(e)	-	-	-	-	-	-	(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
Realization of revaluation reserve - subsidiaries		-	-	(580)	-	-	-	-	(580)
Repurchase of shares	16	-	-	-	-	-	(75,125)	-	(75,125)
Disposal of treasury shares	19	-	-	-	-	-	30,903	(20,859)	10,044
Recognition of stock option plan	19	-	59,636	-	-	-	-	-	59,636
Net income for the year		-	-	-	-	-	-	881,050	881,050
Appropriation of net income:									
Dividends	16(e)	-	-	-	-	-	-	(183,500)	(183,500)
Interest on own capital	16(e)	-	-	-	-	-	-	(273,500)	(273,500)
Statutory reserves		-	-	-	-	403,191	-	(403,191)	-
At December 31, 2009		2,540,239	16,666,489	23,551	3,453	706,119	(230,102)	-	19,709,749

The accompanying notes are an integral part of this Financial Statements.

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

Statement of Cash Flows
Years ended December 31, 2009 and 2008

(In thousands of reais)

(A free translation of the original in Portuguese)

	BM&FBOVESPA	
	2009	2008 (*)
	Accumulated	Accumulated
Cash flows from operating activities		
Net income for the period	881,050	645,596
Adjustments for:		
Depreciation and amortization	40,598	22,126
Profit on sale of property and equipment	382	69
Deferred income tax and social contribution	336,589	(113,076)
Equity in results of subsidiaries	(6,374)	(386,402)
Expenses related to the stock option plan	59,636	26,359
Goodwill amortization	-	324,421
Interest expenses	562	18,531
Sundry	-	(10,169)
Variation in financial investments and collateral for transactions	(561,939)	1,334,603
Variation in taxes recoverable and prepaid	(41,604)	104,431
Variation in accounts receivable	65,439	40,749
Variation in other receivables	(25,060)	(17,389)
Variation in prepaid expenses	(588)	4,465
Variation in judicial deposits	9,024	(12,366)
Variation in earnings and rights on securities in custody	(4,123)	(598)
Variation in suppliers	2,926	(4,564)
Variation in provision for taxes and contributions payable	(15,661)	(18,081)
Variation in provisions for income tax and social contribution	886	(185,984)
Variation in salaries and social charges	22,237	(17,053)
Variation in other liabilities	8,004	(13,309)
Variation in provision for contingencies	4,553	3,159
Net cash provided by operating activities	776,537	1,745,518
Cash flows from investing activities		
Receipt on sale of property and equipment	3,363	765
Payment for purchase of property and equipment	(66,280)	(32,406)
Dividends received	7,969	20,474
Receipt on sale of assets held for sale	8,981	-
Capital increase in subsidiaries	(2,934)	-
Cash and cash equivalents merged/consolidated	-	94,373
Variation in other investments	(1,641)	(437)
Variation in software and projects	(28,792)	(7,834)
Net cash (used in) provided by investing activities	(79,334)	74,935
Cash flows from financing activities		
Capital increase	-	3,216
Disposal of treasury shares - stock options exercised	10,044	1,167
Repurchase of shares	(75,125)	(192,448)
Variation in financing	7,141	(2,841)
Short term borrowings	-	500,000
Amortized borrowings	-	(518,531)
Redemption of preferred shares	(2,293)	(1,235,868)
Payment of dividends and interest on own capital	(631,145)	(334,227)
Net cash used in financing activities	(691,378)	(1,779,532)
Net increase in cash and cash equivalents	5,825	40,921
Cash and cash equivalents at the beginning of the year	40,921	-
Cash and cash equivalents at the end of the year	46,746	40,921
Transactions not involving cash		
Purchase of property and equipment through financial lease	15,459	6,401

(*) In 2008, Bovespa's results are presented as equity in the results of subsidiaries considering that, up to November 28, 2008, it was a wholly owned subsidiary of BM&FBOVESPA.

The accompanying notes are an integral part of this Financial Statements.

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

Statement of Cash Flows
Years ended December 31, 2009 and 2008

(In thousands of reais)

(A free translation of the original in Portuguese)

	2009	Consolidated 2008
	Accumulated	Accumulated
Cash flows from operating activities		
Net income for the period	881,050	645,596
Adjustments for:		
Depreciation and amortization	42,396	35,140
Profit on sale of property and equipment	382	2,527
Deferred income tax and social contribution	336,589	(119,138)
Expenses related to the stock option plan	59,636	26,359
Goodwill amortization	-	324,421
Interest expenses	562	18,531
Variation in minority interest	465	-
Sundry	-	9,506
Variation in financial investments and collateral for transactions	(587,064)	1,096,446
Variation in taxes recoverable and prepaid	(41,603)	(2,115)
Variation in accounts receivable	64,964	48,945
Variation in other receivables	(22,868)	29,184
Variation in prepaid expenses	(588)	3,663
Variation in judicial deposits	8,990	(64,186)
Variation in earnings and rights on securities in custody	(4,123)	8,023
Variation in suppliers	3,001	(3,034)
Variation in provision for taxes and contributions payable	(15,638)	4,316
Variation in provisions for income tax and social contribution	1,045	(105,713)
Variation in salaries and social charges	22,431	(5,604)
Variation in other liabilities	25,922	(30,950)
Variation in provision for contingencies	3,287	11,827
Net cash provided by operating activities	778,836	1,933,744
Cash flows from investing activities		
Receipt on sale of property and equipment	2,803	7,819
Payment for purchase of property and equipment	(66,393)	(56,544)
Receipt on sale of assets held for sale	8,981	-
Dividends received	7,969	20,474
Cash and cash equivalents merged/consolidated	-	10,816
Variation in other investments	(1,489)	1,353
Variation in software and projects	(28,777)	(21,616)
Net cash used in investing activities	(76,906)	(37,698)
Cash flows from financing activities		
Capital increase	-	3,216
Disposal of treasury shares - stock options exercised	10,044	1,167
Repurchase of shares	(75,125)	(192,448)
Variation in financing	7,141	(2,841)
Short term borrowings	-	500,000
Amortized borrowings	-	(518,531)
Redemption of preferred shares	(2,293)	(1,235,868)
Payment of dividends and interest on own capital	(631,145)	(410,514)
Net cash used in financing activities	(691,378)	(1,855,819)
Net increase in cash and cash equivalents	10,552	40,227
Cash and cash equivalents at the beginning of the year	40,227	-
Cash and cash equivalents at the end of the year	50,779	40,227
Transactions not involving cash		
Purchase of property and equipment through financial lease	15,459	6,401

The accompanying notes are an integral part of this Financial Statements.

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

Statement of Value Added
Years ended December 31, 2009 and 2008

(In thousands of reais)

(A free translation of the original in Portuguese)

	BM&FBOVESPA	
	2009	2008
	Accumulated	Accumulated
1 - Revenues	1,651,002	994,037
Trading and/or settlement system	1,569,257	921,162
Other operating revenues	81,745	72,875
2 – Goods and services acquired from third parties	216,475	246,981
Operating expenses (a)	216,475	246,981
3 – Gross value added (1-2)	1,434,527	747,056
4 - Retentions	40,598	346,547
Goodwill amortization	-	324,421
Depreciation and amortization	40,598	22,126
5 – Net value added produced by the company (3-4)	1,393,929	400,509
6 – Value added transferred from others	266,625	586,069
Equity in results of subsidiaries	6,374	386,402
Financial income	260,251	199,667
7 – Total value added to be distributed (5+6)	1,660,554	986,578
8 - Distribution of Value Added	1,660,554	986,578
Personnel and related charges	284,231	173,390
Board and committee members' compensation	5,252	6,582
Income tax, taxes and contributions (b)	472,523	129,842
Interest and rents (c)	17,498	31,168
Interest on own capital and dividends	457,000	512,762
Loss on disposal of treasury shares	20,859	5,401
Net income for the year retained	403,191	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 this Financial Statements.

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

Statement of Value Added
Years ended December 31, 2009 and 2008

(In thousands of reais)

(A free translation of the original in Portuguese)

	Consolidated	
	2009	2008
	Accumulated	Accumulated
1 - Revenues	1,672,894	1,783,358
Trading and/or settlement system	1,584,693	1,689,258
Other operating revenues	88,201	94,100
2 – Goods and services acquired from third parties	227,024	425,944
Operating expenses (a)	227,024	425,944
3 – Gross value added (1-2)	1,445,870	1,357,414
4 - Retentions	42,396	359,561
Goodwill amortization	-	324,421
Depreciation and amortization	42,396	35,140
5 – Net value added produced by the company (3-4)	1,403,474	997,853
6 – Value added transferred from others	289,686	364,859
Financial income	289,686	364,859
7 – Total value added to be distributed (5+6)	1,693,160	1,362,712
8 - Distribution of Value Added	1,693,160	1,362,712
Personnel and related charges	289,806	247,349
Board and committee members' compensation	5,252	9,219
Income tax, taxes and contributions (b)	477,177	395,743
Interest and rents (c)	38,856	63,238
Minority interest	1,019	1,567
Interest on own capital and dividends	457,000	512,762
Loss on disposal of treasury shares	20,859	5,401
Net income for the period retained	403,191	127,433

(a) Operating expenses (excludes personnel, Board and committee members' compensation, depreciation, rents and taxes).

(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 this Financial Statements.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

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 (722,888,403 shares), at market value, into Nova Bolsa, in the amount of R\$17,942,090, such that Bovespa Holding became a 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.

BM&F S.A. shareholders received 1 (one) 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(one) preferred share for each 10 (ten) 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.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

At one of the AGEs held on May 8, 2008, approval was also given to change the name of 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.

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

The merger was 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 of 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.

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 were parties.

As a result of all these mergers and the corporate restructuring process, BM&FBOVESPA's main objective became 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, indicators,

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

rates, goods, currencies, energy, transportation, commodities and other assets or rights directly 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 depository and fungible and custody of non-fungible goods, marketable securities and any other physical and financial assets;
- Providing services of standardization, classification, analysis, quotations, statistics, professional education, preparation of studies, publications, information, libraries and software on matters of interest to 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 clearinghouses 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.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

Its subsidiary Bolsa Brasileira de Mercadorias is involved in 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, its wholly-owned subsidiary Banco BM&F de Serviços de Liquidação e Custódia S.A. provides its members and its clearinghouses with a centralized custody service for the assets pledged as collateral for transactions.

BM&F USA Inc., a wholly-owned subsidiary located in the city of New York (USA), with a representative office in Shanghai (China) and a wholly-owned subsidiary in London (BM&FBOVESPA (UK) Ltd. – constituted in the last quarter of 2009), 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 was approved by the Board of Directors of BM&FBOVESPA on February 23, 2010.

The financial statements of BM&FBOVESPA has been prepared and is 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).

The results of operations of 2008 include the results of operations of BM&FBOVESPA for the period from May 9 through December 31, 2008 and the consolidated results of operations of BM&F S.A. and Bovespa Holding for the period from January 1 through May 8, 2008.

The 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, 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 free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

Law 11,638/07 and Provisional Measure 449/08, converted into Law 11,941/09

With the enactment of Law 11,638/07 and publication of Provisional Measure 449/08, converted into Law 11,941/09, certain provisions of Brazilian Corporation Law were changed, revoked and introduced as regards 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, certain accounting pronouncements were published in 2008 by the Brazilian Accounting Pronouncements Committee (CPC), applicable to all 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 years ended December 31, 2009 and 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 main features and information relating to the stock option plans are presented in Note 19.

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

(iii) Non-operating results – MP 449/08, converted into Law 11,941/09, 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.

(iv) Financial Leases – BM&FBOVESPA had 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 addition, the related effects were recognized in the statement of income.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

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:

	<u>Stake %</u>
Subsidiaries and controlled entities	
Banco BM&F de Liquidação e Custódia S.A. (“Banco BM&F”)	100.00
Bolsa Brasileira de Mercadorias	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 funds’ shares. The shareholders’ equity of the subsidiaries and the balances of assets and liabilities resulting from transactions carried out between the consolidated subsidiaries and consolidated entities are eliminated, and minority interests in the shareholders’ equity and statement of income are separately disclosed.

3 Significant Accounting Practices

a. Determination of net income

Income and expenses are recognized on an accrual basis. The amounts received as annual fees, such as the listing of securities and certain contracts for the sale of information about the market, are recognized on a proportionate and monthly basis in the statement of income for the period.

b. Cash and cash equivalents

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

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008 *(All amounts in thousands of reais)*

c. Financial instruments

(i) Classification and calculation

The Company classifies its financial assets in the following categories: recorded at market value through profit or loss, 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 recorded at fair value through profit or loss

The financial assets recorded 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 recorded at fair value through profit or loss are recorded in the statement of income in "financial results" for the period in which they occur.

Loans and receivables

These comprise loans granted and receivables which are non-derivative financial assets with fixed or determinable payments, not quoted in an active market. Loans and receivables are included in current assets, except for those with maturity of more than 12 months after the balance sheet date (which are classified as non-current assets). The 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 recorded 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.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

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 market 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, they are 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. Management adopts a policy of recording a full provision for doubtful debts on credits overdue for more than 60 days.

e. Prepaid expenses

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

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008 *(All amounts in thousands of reais)*

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, either 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. The upward market value adjustment is amortized as the corresponding assets are realized over a period of up to 22 years.

The portion based on estimated future profitability is recorded in the intangible group and until December 31, 2008, was amortized over a 10-year period, to the extent of and in proportion to the projected results on which it was based. The portion based on the expectation of future profitability is no longer amortized as from January 1, 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

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

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 with realization 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 to precedents; the complexity of the proceedings; and 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** – These result from tax lawsuits in which the Company is discussing the validity or constitutionality of certain taxes and charges. These are fully recognized in the financial statements, regardless of the assessment of their probability of success.

j. Judicial deposits

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

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

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 to settle the obligation is probable and a reliable estimate of the amount can be made.

o. Employee benefits

(i) Pension obligations

The Company has no defined benefit plans. The Company offers its employees a defined contribution plan and pays contributions on contractual or voluntary bases. Once the

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

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:

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

• Income tax	15,00%
• Additional income tax	10,00%
• CSLL	9,00%
• PIS	1.65%
• COFINS	7.60%

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 and calculate the contribution to PIS at the rate of 1% on payroll.

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 and liabilities.

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.

Deferred tax liabilities are recognized in relation to all taxable temporary differences, that is, differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

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.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements
at December 31, 2009 and 2008

(All amounts in thousands of reais)

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:

Details	BM&FBOVESPA	
	2009	2008
Banks - deposits in domestic currency	62	23,178
Banks - deposits in foreign currency	46,684	17,743
Total	46,746	40,921

Details	Consolidated	
	2009	2008
Banks - deposits in domestic currency	160	21,824
Banks - deposits in foreign currency	50,619	18,403
Total	50,779	40,227

b. Financial Investments

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

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

Details						BM&FBOVESPA	
	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	2009	2008
Financial investment funds (1)	1,518,855	–	–	–	–	1,518,855	1,260,807
Interest bearing account (deposits abroad)	–	–	–	–	–	–	181,317
Bank certificates of deposit	–	505	3,616	535	–	4,656	11,286
Securities purchased under resell agreements	–	–	1,015,439	–	–	1,015,439	292,321
Financial Treasury Bills	–	83	5,400	377,870	–	383,353	373,593
National Treasury Bills	–	–	–	–	–	–	30,473
National Treasury Notes	–	21	60	96	36	213	270
Shares	11,604	–	–	–	–	11,604	126
Other investments	6,210	–	–	–	–	6,210	3,844
Total financial investments	1,536,669	609	1,024,515	378,501	36	2,940,330	2,154,037
Short term						2,561,793	1,685,145
Long term						378,537	468,892

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements
at December 31, 2009 and 2008
(All amounts in thousands of reais)

Details						CONSOLIDATED	
	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	2009	2008
Financial investment funds (1)	977,428	–	–	–	–	977,428	881,734
Interest bearing account (deposits abroad)	–	–	–	–	–	–	181,317
Bank certificates of deposit	–	505	3,627	2,188	–	6,320	12,045
Securities purchased under resell agreements	–	457,057	1,031,521	–	–	1,488,578	486,327
Financial Treasury Bills	–	24,467	68,293	513,180	38,467	644,407	736,442
National Treasury Bills	–	5,823	2,829	31,681	–	40,333	63,018
National Treasury Notes	–	21	60	96	36	213	270
Shares	13,126	–	–	–	–	13,126	126
Other investments	6,210	–	8,817	–	–	15,027	12,735
Total financial investments	996,764	487,873	1,115,147	547,145	38,503	3,185,432	2,374,014
Short term						2,599,784	1,744,069
Long term						585,648	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, securities purchased under resell agreements and bank certificates of deposit and have the CDI as their profitability benchmark. The balances presented in the table of BM&FBOVESPA also include the exclusive investment funds which were consolidated in the financial statements. Detailed information about these funds is presented in Note 7(c).

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

The main investment funds that were not consolidated are detailed in the table below:

Fund	Bank	Details	BM&FBOVESPA and Consolidated	
			2009	2008
FIC Megainvest	Santander	Exclusive fund that invests in quotas of retail funds;	642,020	624,629
FIC Referenciado DI Federal	Bradesco	Retail fund that invests in quotas of other investment funds;	335,177	151,890
FIC Bradesco 777	Bradesco	Exclusive fund that invests in quotas of retail funds.	-	104,735

The government bonds are held in custody at 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. (BM&FBOVESPA's Equity and Corporate Debt Clearinghouse).

Classification

Considering the nature and objective of the Company and its financial investments, these are classified as financial assets recorded at fair value through profit or loss, 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 date, as disclosed by the corresponding Manager.

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

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

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:

Details	BM&FBOVESPA and Consolidated	
	2009	2008
Operational Fund of the Foreign Exchange Clearinghouse	50,000	50,000
Guarantor Fund of the Floor-Traded Spot US Dollar Market (1)	-	15,000
Special Clearing Member Fund	40,000	40,000
Agricultural Market Trading Fund	50,000	50,000
Operational Fund of the Securities Clearinghouse	40,000	40,000
Guarantee Reserve for Trade Settlement Mechanism for reimbursement - Guarantee fund	47,092	47,092
	92,342	92,342
Federal Government Bonds restricted in compliance with Article 5 of Law 10,214 of March 27, 2001 (Special Equity)	120,218	108,398
Investments in investment funds linked to the Settlement Fund (former CBLC) (2)	-	159,742
Total Funds	439,652	602,574

(1) Fund discontinued in the third quarter of 2009 as a result of the termination of Spot US Dollar floor trading.

(2) Beginning in the second quarter of 2009, the Settlement Fund has consisted only of resources from clearing agents

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) 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.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

We present below the positions as well as the net results of derivative transactions and the related financial instruments:

			2009
	<u>Notional amount</u>	<u>Market value</u>	<u>Cumulative results</u>
Interest rate			
<i>Future contracts – sold position</i>	(37,757)	(39,937)	(810)
LTN	38,240	40,333	819
Net position	483	396	9
			2008
	<u>Notional amount</u>	<u>Market value</u>	<u>Cumulative results</u>
Interest rate			
<i>Future contracts – sold position</i>	(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.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008 (All amounts in thousands of reais)

Sensitivity analysis

The table below presents a summary of the financial instruments' exposure classified by market risk factors at December 31, 2009 and 2008:

Risk Factors (Consolidated)			
Risk factor	Risk	2009 Percentage	2008 Percentage
CDI	Falling CDI	98.03%	96.68%
Fixed interest rate	Rising fixed rate	1.27%	1.36%
USD	Falling dollar	0.50%	1.37%
Inflation	Falling inflation	0.00%	0.42%
Gold price	Falling gold price	0.20%	0.17%
		<u>100.00%</u>	<u>100.00%</u>

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 of Risk Factors (Consolidated) includes the investments in CDB, securities purchased under resell agreement and quotas of retail investment funds which use CDI/SELIC 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 bearing fixed interest rates with results in a net exposure to fixed interest rates. However, in terms of percentage, considering the amounts involved as presented in the table of Risk Factors (Consolidated), the effects on the portfolio are not considered material.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

Exchange rate risk

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

In addition to the amounts payable and receivable in foreign currencies, the Company has third-party deposits in foreign currency to guarantee the settlement of transactions by foreign investors and also own funds in currency abroad. At December 31, 2009 the Company's net foreign currency exposure amounted to R\$16,930 (2008 - R\$30,165). Considering the amounts involved, as presented in percentage terms in the table of Risk Factors (Consolidated), the effects on the portfolio are not considered material.

Inflation index and gold position

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

5 Accounts Receivable

The breakdown of accounts receivable is as follows:

Details	BM&FBOVESPA	
	2009	2008
Trading, other fees receivable and Vendors –		
Signal broadcast (1)	44,021	101,580
Other accounts receivable	1,005	5,760
Provision for doubtful accounts	(5,984)	(2,859)
Total	39,042	104,481

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements
at December 31, 2009 and 2008

(All amounts in thousands of reais)

Details	Consolidado	
	2009	2008
Trading, other fees receivable and Vendors – Signal broadcast (1)	44,674	101,850
Other accounts receivable	1,515	6,178
Provision for doubtful accounts	(5,984)	(2,859)
Total	40,205	105,169

(1) Beginning on October 1, 2009, the trading and settlement fees of the Bovespa segment began to be settled, mostly, on the third working day after the trade date, whereas previously the settlement occurred until the second month following the trade date.

Of the amounts presented above, approximately 90% is represented by receivables falling due within 60 days. The average term of the accounts receivables is 30 days.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements
at December 31, 2009 and 2008
(All amounts in thousands of reais)

6 Other Receivables

Other receivables comprise the following:

	BM&FBOVESPA	
	2009	2008
Current		
Sale of properties receivable	195	1,513
Advances to employees (1)	959	203
Amounts receivable - related parties (note 17)	13,859	4,752
Dividends receivable	3,333	-
Advances to suppliers	1,402	387
Sundry	1,850	613
Total	21,598	7,468
Non-current		
Sale of properties receivable	-	4,045
Sundry	555	2,531
Total	555	6,576

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements
at December 31, 2009 and 2008

(All amounts in thousands of reais)

	<u>2009</u>	<u>Consolidado</u> <u>2008</u>
Current		
Sale of properties receivable	195	1,513
Advances to employees (1)	970	228
Restricted deposits (Banco BM&F S.A.)	1,776	1,778
Amounts receivable - related parties	11,674	4,295
Dividends receivable	3,333	-
Advances to suppliers	1,402	387
Sundry	3,306	1,732
Total	<u>22,656</u>	<u>9,933</u>
Non-Current		
Brokers in liquidation	10,425	10,425
Sale of properties receivable	-	4,045
Sundry	555	3,316
Allowance – Other receivables (2)	(6,425)	(6,425)
Total	<u>4,555</u>	<u>11,361</u>

(1) Primarily vacation advances to employees.

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

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008 (All amounts in thousands of reais)

7 Investments

a. Investments in subsidiaries

Investments in subsidiaries comprise the following:

BM&FBOVESPA								
31/12/2009								
Subsidiaries and controlled entities	Adjusted shareholders' equity	Total number of common shares	Total number of equity memberships	% Stake	Investment 2009	Investment 2008	Equity in income 2009	Equity in income 2008
Subsidiaries								
Banco BM&F de Liquidação e Custódia S.A.	39,955	24,000		100	39,955	34,680	5,275	4,953
Bolsa Brasileira de Mercadorias	15,989		405	50.12	8,013	7,934	79	1,350
Bolsa de Valores do Rio de Janeiro -BVRJ (1)	60,256		115	86.09	51,875	48,381	4,074	946
BM&F USA Inc.	948	1,000		100	948	1,068	(3,054)	(871)
Bovespa Holding S.A.					-	-	-	380,024
Total					100,791	92,063	6,374	386,402

(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, 2009, the balance of this reserve amounts to R\$15,243 (2008 – R\$15,823) in BM&FBOVESPA.

(A free translation of the original in Portuguese)

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

**Notes to the Financial Statements
at December 31, 2009 and 2008**

(All amounts in thousands of reais)

Activity in the investments during the year:

Investments	BVSP (former Bovespa Holding)	Banco BM&F	Bolsa Brasileira de Mercadorias	Bolsa de Valores do Rio de Janeiro	BM&F USA Inc	Total
Merged balances	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)
Merger in 29/08/2008 (1)	(1,631,721)	-	-	-	-	(1,631,721)
At December 31, 2008	-	34,680	7,934	48,381	1,068	92,063
Equity in results	-	5,275	79	4,074	(3,054)	6,374
Realization of the revaluation reserve	-	-	-	(580)	-	(580)
Capital increase	-	-	-	-	2,934	2,934
At December 31, 2009	-	39,955	8,013	51,875	948	100,791

(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).

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements
at December 31, 2009 and 2008

(All amounts in thousands of reais)

b. Other Investments

Details	BM&FBOVESPA	
	2009	2008
CME Group (1)	1,276,199	1,276,199
BM&FBOVESPA Supervisão de Mercados	20,000	20,000
Works of art	7,721	7,721
Works of art - Revaluation (2)	8,308	8,308
Properties	4,857	3,465
Other	71	153
Total	1,317,156	1,315,846

Details	Consolidated	
	2009	2008
CME Group (1)	1,276,199	1,276,199
BM&FBOVESPA Supervisão de Mercados	20,000	20,000
Works of art	10,004	10,158
Works of art - Revaluation (2)	8,308	8,308
Properties	4,857	3,465
Other	71	152
Total	1,319,439	1,318,282

- (1) Represented by shares of CME Group arising from the cross-investment made on February 26, 2008, which materialized through the merger of CMEG Brazil 2 Participações Ltda into BMF S.A. As a result of this merger, BMF S.A. acquired a direct ownership interest in CME Group of 1,189,066 Class A common shares, and the CME Group, through its subsidiaries, has become the holder of 101,078,580 common shares issued by BMF S.A. The shares of CME Group are subject to trading restrictions (lock up) until February 2012, subject to exceptions agreed contractually.

The shares of CME Group are evaluated using cost as reference, considering the participation of 1.8% in the investee. For this investment, management regularly monitors the internal and external factors, such as stock quotes, changes in the results, operating performance, regulation and changes in the U.S. market, aiming at the

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

objective identification of potential reduction in the recoverable amount (impairment) of this asset. Accordingly, the Company hired two independent consultants to perform an economic and financial valuation of that company, using the criterion of discounted cash flow ("Value in Use" method under CPC 01). The results of the valuations did not reveal the need for recognition of loss in fair value of the investment in CME in the years 2009 and 2008.

To perform the evaluation, the consultants projected the future results of the CME Group in models of ten years in nominal dollars and used growth assumptions in perpetuity after the 10th year. They collected only public data. The projections used were based on expectations of growth in volumes, measured by the number of contracts traded, and average revenue per unit contract. Therefore, both consultants aligned their projections to the market consensus in the first two years of its models, ie in 2010 and 2011, growing from there as their valuation models.

The indicators of growth of net revenue and EBITDA were applied to the ten-year projection reached and aligned in perpetuity, so that growth during the first 10 years reached a peak and then gradually reduced, in percentage terms, to reach the level of perpetuity in the last years. The perpetuity used by the consultants was based primarily on expectations of behavior of U.S. GDP in the future.

The rate used to discount the future cash flows was calculated according to the Weighted Average Cost of Capital (WACC), where the weights of equity and others, are weighted by their respective costs. The rate found depends on both macroeconomic and market factors.

- (2) The balances 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(c)).

c. Special purpose entities

Exclusive investment funds

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

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements
at December 31, 2009 and 2008

(All amounts in thousands of reais)

Details	Supremo Renda Fixa – FICFI	
	2009	2008
Assets		
Cash at bank	1	107
Financial investment funds (1)	364,801	378,206
Other receivables	-	2
Total assets	<u>364,802</u>	<u>378,315</u>
Liabilities and net assets		
Other liabilities	10	12
Net assets	<u>364,792</u>	<u>378,303</u>
Total liabilities and net assets	<u>364,802</u>	<u>378,315</u>

(1) Exclusive investment funds, the portfolios of which mainly comprise investments in federal government bonds, securities purchased under repurchase agreements and bank certificates of deposit, and which have the CDI as their income benchmark.

Details	Bradesco FI Multimercado Letters	
	2009	2008
Assets		
Cash at bank	2	2
Securities purchased under resell agreements	136,319	1,158
Debt securities	40,250	-
Total assets	<u>176,571</u>	<u>1,160</u>
Liabilities and net assets		
Other liabilities	21	6
Net assets	<u>176,550</u>	<u>1,154</u>
Total liabilities and net assets	<u>176,571</u>	<u>1,160</u>

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements
at December 31, 2009 and 2008

(All amounts in thousands of reais)

8 Property and Equipment

The breakdown of property and equipment is as follows:

Details	Annual depreciation rate	BM&FBOVESPA			
		Cost	Depreciation	2009	2008
				Net	Net
Buildings	4%	169,856	(93,166)	76,690	82,936
Furniture and fixtures	10%	29,245	(17,264)	11,981	12,391
Apparatus and equipment	10%	20,281	(13,196)	7,085	8,320
Computer-related equipment	20%	216,195	(138,864)	77,331	53,696
Facilities	10%	52,168	(15,682)	36,486	11,383
Telephone system	10%	21,758	(18,804)	2,954	1,527
Other	10% a 20%	39,281	(25,351)	13,930	6,895
Construction in progress	-	-	-	-	26,560
Total		548,784	(322,327)	226,457	203,708

Details	Annual depreciation rate	Consolidated			
		Cost	Depreciation	2009	2008
				Net	Net
Buildings	4%	209,828	(97,331)	112,497	120,342
Furniture and fixtures	10%	29,767	(17,602)	12,165	12,587
Apparatus and equipment	10%	20,446	(13,270)	7,176	8,420
Computer-related equipment	20%	216,931	(139,533)	77,398	53,713
Land	-	5,614	-	5,614	5,614
Facilities	10%	53,199	(16,118)	37,081	12,081
Telephone system	10%	21,758	(18,804)	2,954	1,528
Other	10% a 20%	39,422	(25,412)	14,010	7,004
Construction in progress	-	-	-	-	26,561
Total		596,965	(328,070)	268,895	247,850

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008 *(All amounts in thousands of reais)*

As provided in the technical interpretation ICPC 10 of the CPC, the Company is evaluating the options available in CPC 27 - Fixed Assets, regarding the determination of the new cost and useful life, with effect in 2010 and comparative figures for 2009.

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\$17,942,090, 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\$23,443 and (iii) adjustment of the amount of proposed dividends for 2007 in the amount of R\$205.

The goodwill in the amount of R\$16,384,911 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\$16,388,730, 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 remaining portion of goodwill in the amount of R\$16,388,730 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 pronouncements issued by CPC in 2008, the portion based on the expectation of future profitability is no longer amortized as from January 1, 2009. However, it is subject annually to impairment testing, pursuant to Technical Pronouncement CPC 01 (“value in use” method).

The goodwill based on expected future income was tested for impairment in 2009 and 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 segment, were based in the analyses of the performance over the last years and on the

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

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 from December 1, 2009 to December 31, 2018.

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 15.86% p.a.

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

Macroeconomic indicators projected				
	2010	2011	2012	2013-2018
GDP growth	5.00%	4.50%	4.20%	4.20%
Brazil (IPCA)	4.40%	4.60%	4,40%	4,40%
USA (CPI)	2,00%	2,00%	2,00%	2,00%

Source: Central Bank Focus Report

Software and projects

The balance comprises costs for the acquisition and development of software and systems in the net amount of R\$9,959 (2008 - R\$2,478), with amortization rates of 20% to 33% per annum, and expenditures in the amount of R\$43,631 (2008 - 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.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

11 Provision for Taxes and Contributions Payable

At December 31, 2009 and 2008, the breakdown of this balance was as follows:

Details	BM&FBOVESPA	
	2009	2008
Withholding taxes and contributions payable	7,783	29,626
PIS/Cofins	14,471	8,904
ISS (Municipal service tax)	2,150	1,535
Total	24,404	40,065

Details	Consolidado	
	2009	2008
Withholding taxes and contributions payable	7,838	29,674
PIS/Cofins	14,596	9,014
ISS (Municipal service tax)	2,182	1,566
Total	24,616	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.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

At December 31, 2009, the remaining balance amounts to R\$1,839 (2008 - R\$4,132) and mainly refers to amounts payable to foreign investors.

13 Financing

The Company has a financing balance related to financial leases of information technology equipment. The balance at December 31, 2009 is R\$11,790 (2008 – R\$4,087) with maturity dates up to 2011.

14 Other liabilities

Details	BM&FBOVESPA	
	2009	2008
Custody agents	4,108	3,825
Finep - Carbon credits	281	320
Amounts payable - related parties (Note 17)	4,946	2,262
Third party services	1,398	578
Electricity, water and telephone	791	103
Other	4,102	534
Total	15,626	7,622
Current	15,626	6,001
Non-current	-	1,621

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

Details	Consolidated	
	2009	2008
Custody agents	4,108	3,825
Finep - Carbon credits	281	320
Demand deposits (1)	35,468	30,619
Liabilities for securities purchased under resell agreements (1)	144,513	130,608
Amounts payable - related parties (Note 17)	3,264	-
Third party services	1,398	512
Electricity, water and telephone	791	-
Other	5,072	3,089
Total	194,895	168,973
Current	194,895	168,404
Non-current	-	569

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

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 594/09. The lawsuits are classified by their probability of loss (probable, possible or remote), based on an evaluation by the Company and its legal advisors, 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:

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

- 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.
- Tax claims are mainly related to the incidence of PIS and Cofins on (i) the Company's revenues and (ii) receipt of interest on equity.

c. *Legal obligations*

These are almost entirely proceedings in which BM&FBOVESPA seeks exemption from social security additional contributions on payroll and payments to self-employed professionals, as well as discussions over the legality of Labor Accident Insurance (SAT). 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	Tax	Total
At December 31, 2008	3,333	3,802	25,635	10,887	43,657
New provisions	-	502	2,802	-	3,304
Amounts used	(9)	(100)	-	-	(109)
Reversals	-	(379)	-	-	(379)
Reassessment of contingent risks	(4)	(160)	(121)	2	(283)
Price-level restatement	351	443	247	979	2,020
At December 31, 2009	3,671	4,108	28,563	11,868	48,210

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

	Consolidated				
	Civil	Labor	Legal obligations	Tax	Total
At December 31, 2008	3,900	5,421	25,635	11,204	46,160
New provisions	-	552	2,802	-	3,354
Amounts used	(140)	(76)	-	-	(216)
Reversals	-	(379)	-	-	(379)
Reassessment of contingent risks	56	(1,542)	(121)	2	(1,605)
Price-level restatement	411	482	247	993	2,133
At December 31, 2009	4,227	4,458	28,563	12,199	49,447

e. Possible losses

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

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

- Labor proceedings, 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, 2009 are R\$21,534 in the parent company (2008 – R\$6,926) and R\$23,047 on a consolidated basis (2008 - R\$8,065);
- Civil proceedings mainly consist of matters pertaining to civil liability for losses and damages. The total amount involved in the lawsuits classified as possible at December 31, 2009 is R\$64,474 in the parent company and on a consolidated basis (2008 – R\$1,341).

The majority of this amount is related to a possibility of the Company being required to deliver shares of BM&FBOVESPA (surviving company of the merger with BM&F S.A.), in an amount corresponding to the shares resulting from the conversion of the shares of a commodities broker in the former BM&F, or indemnify the corresponding amount, if the cancellation of the shares in the former BM&F is found to be illegal, as alleged by a commodities broker in bankruptcy;

- The tax proceedings of BM&FBOVESPA and its subsidiaries mainly involve a dispute over the classification of exchanges as subject to the payment of social contributions.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

Most of these amounts are related to two lawsuits filed by BM&FBOVESPA against the Federal Government arguing 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, 2009 is R\$42,393 (2008 - R\$55,797). The total amount involved in tax proceedings classified as possible is R\$65,388 in the parent company and on a consolidated basis (2008 - R\$77,170).

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 amount attributed 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.

g. Judicial deposits

Details	BM&FBOVESPA		Consolidated	
	2009	2008	2009	2008
Legal obligations	28,563	25,635	28,563	25,635
Tax	50,673	62,854	51,005	63,171
Civil	1,949	1,872	1,949	1,872
Labor	2,304	2,152	3,378	3,207
Total	83,489	92,513	84,895	93,885

Of the total judicial deposits, R\$30,731 (2008 – 44,485) relates to one of the processes involving a dispute over the classification of exchanges as subject to the payment of social contributions, classified as possible by management, as described in “e” above. Given the existence of judicial deposits related to tax processes classified as of possible loss, the amount of tax contingencies and legal obligations is lower than the total deposits related to tax claims.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

h. Law 11,941/09

In November 2009, the Company enrolled in the Tax Recovery Program, instituted by Law 11,941/09 and Provisional Measure (MP) 470/09, aimed at cash payment of the amount of R\$ 2,365, related to a portion of the amount disputed in the COFINS court case, and the amount is deposited in escrow and constituted as probable liability contingency. The value of R\$ 2,151 will be converted to government revenue and R\$214 will be recorded in favor of the Company, representing a discount of 45% of arrears interest, as permitted by those laws. The provision remains in effect until the approval of the request to cancel part of the application of the lawsuit, because it is a condition for further discharge of the debt pursuant to the Tax Recovery Program.

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.

b. Treasury Shares

Share buyback program

Through the Share Buyback Program approved by the Board of Directors on September 24, 2008, the Company commenced the repurchase of shares on September 29, 2008 and until February 6, 2009, 45,686,000 common shares were acquired.

At the meeting held on May 12, 2009, the Board of Directors approved the termination of the aforementioned Program and established that the balance of the repurchased shares should remain as treasury stock and be used for the exercise of stock options granted under the Company's Stock Option Plan.

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

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements
at December 31, 2009 and 2008

(All amounts in thousands of reais)

	<u>2009</u>	<u>2008</u>
Opening balance	33,024,204	-
Shares acquired from dissident shareholders	-	4
Acquisition of shares – Buyback program	11,494,800	34,191,200
Shares sold – stock options (Note 19)	<u>(5,271,021)</u>	<u>(1,167,000)</u>
At the end of the year	<u>39,247,983</u>	<u>33,024,204</u>
Average cost of treasury stock (in reais)	5,863	5,628
Cost of treasury stock (in thousands of reais)	<u>230,102</u>	<u>185,880</u>
Market value of treasury stock	<u>480,788</u>	<u>198,806</u>

c. Revaluation reserves

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

At December 31, 2009 and 2008, the breakdown of the revaluation reserve was as follows:

	<u>BM&FBOVESPA</u>		<u>Realization</u>
	<u>2009</u>	<u>2008</u>	<u>method</u>
Own assets			
Works of art	8,308	8,308	Disposal
BVRJ's assets			
Property	12,808	13,388	Depreciation
Land	<u>2,435</u>	<u>2,435</u>	Disposal
	<u>15,243</u>	<u>15,823</u>	
Total	<u><u>23,551</u></u>	<u><u>24,131</u></u>	

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

d. Statutory reserves

Their purpose is to form funds and safeguard mechanisms required for the adequate development of the activities of BM&FBOVESPA, assuring the proper settlement and 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.

e. Dividends and interest on own capital

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

	<u>2009</u>	<u>2008</u>
Net income	881,050	645,596
Legal reserve constitution (*)	<u>-</u>	<u>-</u>
Basis of calculation of dividends	<u>881,050</u>	<u>645,596</u>
Dividends	183,500	203,644
Interest on own capital	<u>273,500</u>	<u>309,118</u>
	<u>457,000</u>	<u>512,762</u>
Percentage on the net income	51.9%	79.4%

(*) The legal reserve constitution is not required, because its balance, plus the balances of capital reserves, exceed 30% of the capital.

Interest on own capital and dividends distributed are detailed below:

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements
at December 31, 2009 and 2008

(All amounts in thousands of reais)

<u>Description</u>	<u>Deliberation</u>	<u>Amount per share (gross) (R\$)</u>	<u>Total amount (gross)</u>
Interest on own capital	CBD BM&F S.A. - 25/03/2008	0.020320	20,539
Interest on own capital	CBD BVMF - 14/08/2008	0.072995	149,203
Dividends	CBD BVMF - 14/08/2008	0.069969	143,019
Interest on own capital	CBD BVMF - 19/12/2008	0.069307	139,376
Dividends	CBD BVMF - 17/03/2009	0.030317	<u>60,625</u>
Total distributed in 2008			<u>512,762</u>
Interest on own capital	CBD BVMF - 12/05/2009	0.055931	112,000
Interest on own capital	CBD BVMF - 11/08/2009	0.070653	141,500
Dividends	CBD BVMF - 11/08/2009	0.016727	33,500
Dividends	CBD BVMF - 10/11/2009	0.074888	150,000
Interest on own capital	CBD BVMF - 17/12/2009	0.009976	<u>20,000</u>
Total distributed in 2009			<u>457,000</u>

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008 (All amounts in thousands of reais)

17 Related Party Transactions

a. Transactions and balances with related parties

BM&FBOVESPA	Note	Assets / (liabilities)		Revenue / (expenses)	
		2009	2008	2009	2008
Bolsa de Valores do Rio de Janeiro - BVRJ					
Accounts payable	14	(1,839)	(1,361)		
Contribution on membership certificates				(475)	(475)
Other expenses				(3)	-
Banco BM&F de Serviços de Liquidação e Custódia S.A.					
Cash and cash equivalents		9	2,760		
Accounts receivable	6	543	457		
Accounts payable		-	(831)		
Foreign exchange operations	6	3,549	-		
Recuperação de despesas				5,898	3,325
Bolsa Brasileira de Mercadorias					
Accounts receivable	6	88	-		
Accounts payable	14	(157)	(70)		
Minimum contribution on membership certificates				(669)	(150)
Recovery of expenses				295	2,184
BM&FBOVESPA Supervisão de Mercados					
Accounts receivable	6	1,257	-		
Recovery of expenses				2,419	1,483
Mecanismo de Ressarcimento de Prejuízos					
Accounts receivable	6	9	-		
Amounts to be transferred	14	(2,907)	-		
Instituto BM&FBOVESPA					
Accounts receivable	6	1,501	-		
Accounts payable	14	(9)	-		
Donation					(9,250)
Recovery of expenses					441

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

(Continuing)

BM&FBOVESPA	Note	Assets / (liabilities)		Revenue / (expenses)	
		2009	2008	2009	2008
Associação BM&F					
Accounts receivable	6	6,901	4,295		
Accounts payable	14	(9)	-		
Outras empresas					
Accounts receivable	6	11	-		
Accounts payable	14	(25)	-		

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

BM&FBOVESPA pays a minimum fee to BVRJ and Bolsa Brasileira de Mercadorias as a member 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.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008 (All amounts in thousands of reais)

b. Remuneration of key management personnel

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

	<u>2009</u>	<u>2008</u>
Management benefits		
Short-term benefits (salaries, participation in results, etc.)	15,808	15,459
Post-employment benefits	49	42
Employment contract rescission benefits	10,228	6,161
Share based remuneration (1)	14,878	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 the Equity and Corporate Debt Clearinghouse (CBLC).

The activities carried out by the clearinghouses of BM&FBOVESPA are governed by Law 10,214, 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, futures and securities loans), the foreign exchange market (spot US dollar), the federal government bond market (spot and forward transactions and securities loans) and private debt securities

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

(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&FBOVESPA 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 2,882/01 and BACEN Circular 3,057/01.

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, in the amount of R\$1,126,126 (2008 - R\$1,145,908), formed by resources transferred by holders of settlement rights at the Derivatives

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

Clearinghouse (clearing members) and holders of full trading rights, for the exclusive purpose of guaranteeing the operations;

- Agricultural Market Trading Fund, in the amount of R\$50,000 at December 31, 2009 and 2008, intended to hold resources of BM&FBOVESPA allocated to guarantee the proper settlement of transactions involving agricultural commodity contracts;
- Special Clearing Member Fund, in the amount of R\$40,000 at December 31, 2009 and 2008, 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, in the amount of R\$378,113 (2008 - 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, in the amount of R\$31,678 (2008 - R\$28,808), in compliance with the provisions of Article 5 of Law 10,214, of March 27, 2001 and of Article 19 of Circular 3,057 of the Brazilian Central Bank, of August 31, 2001.

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

- Collateral pledged by foreign exchange market participants;
- Participation fund, in the amount of R\$154,056 (2008 - R\$140,584), formed by collateral transferred by Clearinghouse participants, intended to guarantee the proper settlement of transactions;
- Operational Fund of the Foreign Exchange Clearinghouse, in the amount of R\$50,000 at December 31, 2009 and 2008, 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, in the amount of R\$15,000 at December 31, 2008 and discontinued in the third quarter of 2009 as a result of the termination of Spot US Dollar floor trading. It comprised funds of BM&FBOVESPA and collateral transferred by Clearinghouse participants with the purpose to cover the price variation risk between the moment a spot US dollar transaction is realized on the floor and its acceptance by the banks for which it is specified;

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

- Special equity, in the amount of R\$31,714 (2008 - R\$28,808), in compliance with the provisions of Article 5 of Law 10,214, of March 27, 2001 and of Article 19 of Circular 3,057 of the Brazilian Central Bank, of August 31, 2001.

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, in the amount of R\$40,000 at December 31, 2009 and 2008, with the purpose of maintaining funds of BM&FBOVESPA to cover losses resulting from operating or administrative failures of participants;
- Special equity, in the amount of R\$22,373 (2008 - R\$20,277), in compliance with the provisions of Article 5 of Law 10,214, of March 27, 2001 and of Article 19 of Circular 3,057 of the Brazilian Central Bank, of August 31, 2001.

The main components of the safeguard structure of the Equity and Corporate Debt Clearinghouse (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, in the amount of R\$322,268 (2008 - R\$350,210), formed by collateral transferred by clearing members, intended to guarantee the proper settlement of transactions;
- Special equity, in the amount of R\$33,877 (2008 - R\$30,374), in compliance with the provisions of Article 5 of Law 10,214, of March 27, 2001 and of Article 19 of Circular 3,057 of the Brazilian Central Bank, of August 31, 2001.

The risk management policy adopted by the Clearinghouses is established by the BM&FBOVESPA Market Risk Committee, in which BM&FBOVESPA officers participate, including the Clearinghouses' Chief Officers, the Depository Chief Officer and the Risk Chief Officer, the Operations and IT Chief Officers, the Products Chief Officer, as well as the Risk Management Officer and the Settlement 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

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

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's 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 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.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements
at December 31, 2009 and 2008

(All amounts in thousands of reais)

b. Collateral for transactions

Transactions performed in the BM&FBOVESPA markets are backed by cash margin deposits, government bonds and corporate securities, letters of credit and other financial instruments. At December 31, 2009, the pledged collateral totaled R\$101,640,805 (2008 - R\$125,676,805), as follows:

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements
at December 31, 2009 and 2008

(All amounts in thousands of reais)

	2009	2008
Derivatives Clearinghouse		
Federal government bonds	53,754,858	89,760,722
Letters of credit	1,479,341	3,690,835
Equities	3,351,593	2,678,991
Bank certificates of deposit (CDBs)	1,307,762	2,161,736
Gold	60,865	319,831
Cash (1)	555,106	327,644
FIC Banco BM&F Investment Fund	95,595	78,130
FIF BB-BM&F Investment Fund	-	29,049
Rural Product Notes	343	829
Subtotal	<u>60,605,463</u>	<u>99,047,767</u>
Foreign Exchange Clearinghouse		
Federal government bonds	3,766,090	3,550,223
Cash (1)	-	174,060
Subtotal	<u>3,766,090</u>	<u>3,724,283</u>
Securities Clearinghouse		
Federal government bonds	<u>832,125</u>	<u>1,423,484</u>
Equity and Corporate Debt Clearinghouse - CBLC		
Federal government bonds	15,665,732	10,185,946
Equities	17,208,344	9,101,835
International bonds (2)	1,944,896	1,219,499
Bank certificates of deposit (CDBs)	997,944	467,649
Letters of credit	296,442	239,625
Cash (1)	247,230	101,927
Gold	2,476	25,958
FIF BB-CBLC Investment Fund	8,179	6,140
Other	65,884	132,692
Subtotal	<u>36,437,127</u>	<u>21,481,271</u>
Total	<u>101,640,805</u>	<u>125,676,805</u>

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

- (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, as well as ADRs (American Depositary Receipt).

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 corporate 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. The Clearing Fund was comprised as follows:

Composition	2009	2008
Federal government bonds	314,304	324,979
Letters of credit	33,000	30,000
Bank certificates of deposit (CDBs)	20,200	18,560
Equities	6,634	7,763
Gold	2,925	1,928
Cash(1)	1,050	4,005
FIF BB-BM&F Investment Fund	-	1
	<hr/>	<hr/>
Amounts deposited	378,113	387,236
	<hr/>	<hr/>
Amounts that ensure clearing member/trader participation	(319,500)	(333,500)
	<hr/>	<hr/>
Excess collateral	58,613	53,736
	<hr/>	<hr/>

- (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.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

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 in the Clearing Fund is R\$319,500 (2008 - R\$333,500), 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 corporate 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:

Composition	2009	2008
Federal government bonds	859,804	863,451
Letters of credit	156,200	160,730
Bank certificates of deposit (CDBs)	81,310	98,683
Equities	20,098	17,647
FIC Banco BM&F Investment Fund	1,781	4,177
Gold	582	-
Cash (1)	6,351	1,220
Amounts deposited	<u>1,126,126</u>	<u>1,145,908</u>
Amounts that ensure clearing member/trader participation	<u>(1,009,500)</u>	<u>(1,026,700)</u>
Excess collateral	<u>116,626</u>	<u>119,208</u>

(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.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008 (All amounts in thousands of reais)

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 rates, 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 rates, 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.

The Participation Fund presents the following position:

Composition	2009	2008
Federal Government Bonds	154,056	140,584

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

At December 31, 2009 and 2008, it was 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. The fund was discontinued in the third quarter of 2009 as a result of the termination of Spot US Dollar floor trading.

The Guarantor Fund of the Floor-Traded Spot US Dollar Market presented the following position at December 31, 2008:

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

Composition	2008
Federal government bonds	13,812
Letters of credit	240
Cash (1)	480
Investment of BM&FBOVESPA	15,000
Amounts deposited	29,532

(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.

g. Equity and Corporate Debt Clearinghouse (CBLC) Settlement Fund

The Settlement Fund is formed by funds provided by CBLC's clearing agents for the sole purpose of covering losses that may arise from default.

The Settlement Fund presents the following position:

Composition	2009	2008
Federal government bonds	322,261	190,629
BM&FBOVESPA financial investments in exclusive investment funds, federal government bonds and Securities purchased under resell agreements	-	159,580
Cash (1)	7	-
Amounts deposited	322,268	350,209

(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.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

h. Guarantee funds and Mechanism for reimbursement

BM&FBOVESPA maintains a Guarantee Fund, in the form of a statutory reserve, in 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:

Details	Guarantee Fund – Bolsa Brasileira de Mercadorias	
	2009	2008
Assets		
Cash at bank	1	1
Securities purchased under resell agreements	730	665
Other receivables	19	19
Total assets	<u>750</u>	<u>685</u>
Liabilities		
Other liabilities	15	4
Net assets	<u>735</u>	<u>681</u>
Total liabilities and net assets	<u>750</u>	<u>685</u>

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

Details	Guarantee Fund – Bolsa de Valores do Rio de Janeiro	
	2009	2008
Assets		
Cash at bank	1	2
Debt securities	2,878	2,183
Equity securities	2,013	30,326
Other receivables	-	5,043
Total assets	<u>4,892</u>	<u>37,554</u>
Liabilities		
Provision for contingencies	4,220	38,581
Other liabilities	2,030	1,249
Net assets	<u>(1,358)</u>	<u>(2,276)</u>
Total liabilities and net assets	<u>4,892</u>	<u>37,554</u>

In May 2009, the Guarantee Fund of the BVRJ pledged its own shares and their earnings, due to a court order resulting from a process in which a broker firm challenged the decision of the CVM regarding the delivery, by the Fund, of such assets to an investor which had supposedly incurred a loss. Such assets and earnings were recorded, respectively, in the group of variable income securities and other credits, pledged to legal proceedings.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

Details	Mechanism for Reimbursement of Losses	
	2009	2008
Assets		
Cash at bank	9	193
Investment funds' quotas	81,921	75,824
Securities purchased under resell agreements	65,411	-
Debt securities	107,843	98,036
Other receivables	8,038	3,936
Total assets	<u>263,222</u>	<u>177,989</u>
Liabilities		
Other liabilities	7,522	1,114
Net assets	<u>255,700</u>	<u>176,875</u>
Total liabilities and net assets	<u>263,222</u>	<u>177,989</u>

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. During the period, some employees acquired the rights to exercise their options as a result of their dismissal. The number of stock options that have not yet vested at December 31, 2009 totaled 8,384,092 options.

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

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008 (All amounts in thousands of reais)

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.

As a result of the acceleration of vesting in the cases of dismissal, the Company recognized, during the period, the expenses related to the stock options of the employees dismissed that otherwise would have been recognized in future periods. In addition, the Company recognized the expenses related to the stock options of the remaining employees that have not yet vested, recognizing a total expense of R\$35,134 in 2009. 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, having as its main objective 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.

On December 19, 2008, the first series of options was granted 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. 4,531,850 stock options were granted, distributed equally on four vesting dates over a four-year period.

Some employees that had stock options related to the series granted in 2008, acquired the rights to exercise their options as a result of their dismissal. As a result of the acceleration of vesting in the cases of dismissal, the Company recognized, during the period, the total expenses related to 815,200 stock options of the employees dismissed that otherwise would have been recognized in future periods. At December 31, 2009, there are 2,787,488 stock options granted in 2008 that have not yet vested.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

On January 20, 2009, the Board of Directors approved the 2009 stock option program ("2009 Program"), which set the date of grant on March 1, 2009. The exercise price of \$ 6.60 per share corresponds to the average closing price of 20 trading days preceding the date of the grant program in 2009, as established in the plan approved in the shareholders General Meeting on 8 May 2008.

The 2009 program refers to the period from January 1, 2009 to December 31, 2009, the base period for the performance assessments of the program beneficiaries.

At the meeting on December 17, 2009, the Board confirmed the allocation of individual stock options within the 2009 program, according to the performance assessment of the Company and the beneficiaries, in the total amount of 9,947,000 stock options, divided into four qualifying dates (vesting).

As a result, the Company recognized expenses in the statement of income related to both grants of this plan in the total amount of R\$24,503 in 2009, with a counter-entry to capital reserves in shareholders' equity. 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 or whose employment is terminated by the Company before achieving vested rights to exercise the options.

Considering both programs, the Company has granted stock options corresponding to 0.67% of the Company's capital (0.22% and 0.45%, respectively). The remainder 1.83% of the authorized limit will be used to grant new series of stock options for the following years.

As the options are exercised by the employees, the Company will issue new shares, increasing its capital, or use treasury shares.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

Total options granted

Plan	Grant date	Vesting period up to	Exercise price (in reais)	Granted	Exercised 2008	Exercised 2009	Canceled	Options outstanding at 31/12/09	Fair value of options on grant date (in reais)
BM&F S.A.	18/12/07	18/12/09	1.00	6,408,796	(1,461,100)	(2,616,296)	-	2,331,400	21.81
BM&F S.A.	18/12/07	18/12/10	1.00	6,408,796	(1,461,100)	(755,650)	-	4,192,046	21.54
BM&F S.A.	18/12/07	18/12/11	1.00	6,408,796	(1,461,100)	(755,650)	-	4,192,046	21.32
				19,226,388	(4,383,300)	(4,127,596)	-	10,715,492	
BM&FBOVESPA	19/12/08	30/06/09	5.174	1,132,962	-	(532,025)	(8,475)	592,462	3.71
BM&FBOVESPA	19/12/08	30/06/10	5.174	1,132,962	-	(203,800)	(29,875)	899,287	3.71
BM&FBOVESPA	19/12/08	30/06/11	5.174	1,132,963	-	(203,800)	(29,875)	899,288	3.71
BM&FBOVESPA	19/12/08	30/06/12	5.174	1,132,963	-	(203,800)	(29,875)	899,288	3.71
				4,531,850	-	(1,143,425)	(98,100)	3,290,325	
BM&FBOVESPA	01/03/09	31/12/09	6.60	2,486,750	-	-	-	2,486,750	2.93
BM&FBOVESPA	01/03/09	31/12/10	6.60	2,486,750	-	-	-	2,486,750	2.93
BM&FBOVESPA	01/03/09	31/12/11	6.60	2,486,750	-	-	-	2,486,750	2.93
BM&FBOVESPA	01/03/09	31/12/12	6.60	2,486,750	-	-	-	2,486,750	2.93
				9,947,000	-	-	-	9,947,000	
Total				33,705,238	(4,383,300)	(5,271,021)	(98,100)	23,952,817	

Total options exercised during the period

As regards the plan transferred to BM&FBOVESPA, during the nine-month period, a total of 6,458,996 options became vested, with an exercise price of R\$1.00 each. Of this amount, 4,127,596 options were exercised during the period as follows:

(A free translation of the original in Portuguese)

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

**Notes to the Financial Statements
at December 31, 2009 and 2008**
(All amounts in thousands of reais)

Exercise date	Average market price on exercise date (in reais)	Number of options exercised
2/9/2009	7.57	46,500
2/18/2009	6.29	75,000
3/2/2009	5.79	11,250
3/30/2009	7.15	43,200
3/31/2009	7.17	61,200
4/9/2009	8.56	225,000
4/15/2009	8.24	52,500
4/24/2009	9.19	1,507,500
4/30/2009	9.09	112,500
5/14/2009	10.32	9,000
7/10/2009	10.82	37,500
8/21/2009	12.26	37,500
9/4/2009	11.48	9,000
11/10/2009	12.56	125,000
11/27/2009	11.68	24,300
12/21/2009	11.92	1,639,146
12/22/2009	11.91	108,500
12/30/2009	12.25	3,000
Total options exercised in 2009		4,127,596

As regards BM&FBOVESPA's plan, during the year, a total of 1,735,887 options became vested. Of this amount, 1,143,425 options were exercised during the period as follows:

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements
at December 31, 2009 and 2008
(All amounts in thousands of reais)

Exercise date	Average market price on exercise date (in reais)	Number of options exercised
3/31/2009	7.17	280,000
4/24/2009	9.19	280,000
4/29/2009	9.19	57,600
4/30/2009	9.09	57,600
5/14/2009	10.32	140,000
7/10/2009	10.82	23,400
7/13/2009	11.12	64,513
7/20/2009	11.87	6,625
7/21/2009	11.69	14,900
7/23/2009	11.98	8,387
7/29/2009	11.68	26,250
8/4/2009	12.14	66,850
8/13/2009	12.44	17,000
8/21/2009	12.26	13,475
9/4/2009	11.48	4,375
9/21/2009	12.36	21,750
9/24/2009	12.46	7,600
10/7/2009	13.26	11,850
10/19/2009	13.52	6,825
10/29/2009	11.81	11,150
11/10/2009	12.56	18,325
12/15/2009	12.04	4,950
Total options exercised in 2009		1,143,425

Consolidated activity during the year

	2009	2008
At the beginning of the year	19,374,938	19,226,388
Options granted	9,947,000	4,531,850
Options exercised	(5,271,021)	(4,383,300)
Options cancelled	(98,100)	-
At the end of the year	23,952,817	19,374,938

The percentage of capital dilution to which the current shareholders could be subject in the event that all the options outstanding at December 31, 2009 are exercised is some 1.16%.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

Effects arising from the exercise of the options

	<u>2009</u>	<u>2008</u>
Amount received on sale of shares – Stock options exercised	10.044	1.167
(-) Cost of treasury shares sold	<u>(30.903)</u>	<u>(6.568)</u>
Effect of disposal of shares	<u>(20.859)</u>	<u>(5.401)</u>

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 or Mid-Atlantic type and their price must be between the price of a European option and the price of an American option with similar characteristics. In relation to the dividend payment, there are two impacts on the price of the option that should be taken into account: (i) the fall in share prices after the dates on which they become ex-dividend and (ii) the influence of such payments on the decision to exercise the option 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;

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

- b) To estimate 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; and
- 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, Acor, BM&FBOVESPA, Sindival and the brokerage firms Theca, Souza Barros and Talarico. Contributions to the pension plan for the year ended December 31, 2009 amounted to R\$2,830 by BM&FBOVESPA and for the consolidated (2008 - R\$2,781).

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008 (All amounts in thousands of reais)

20 Income Tax and Social contribution on Net Income

(a) *Deferred income tax and social contribution*

The balance of deferred tax assets and liabilities is as follows:

Details	BM&FBOVESPA and Consolidated	
	2009	2008
Temporary differences	6,514	6,155
Tax, labor and civil contingencies	4,742	4,177
Tax loss carryforwards	35,285	35,036
Goodwill amortization	-	76,702
Total deferred tax assets	46,541	122,070
Goodwill amortization	(257,216)	-
Other	(3,844)	-
Total deferred tax liabilities	(261,060)	-

At December 31, 2009, the deferred income tax and social contribution liability arises from the temporary difference between the tax base of goodwill and its carrying amount in the balance sheet, considering that goodwill is still being amortized for tax purposes but is no longer amortized for accounting purposes as from January 1, 2009, which results in a tax base lower than the carrying amount of goodwill in the balance sheet.

This temporary difference may result in taxable amounts in determining taxable profit of future periods when the carrying amount of the asset is reduced or settled, and therefore requiring the recognition of a deferred tax liability.

(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.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

It is expected that deferred tax assets will be realized as follows: R\$5,688 (2010), R\$3,307 (2013), R\$19,436 (2014) and R\$18,110 (2015). At December 31, 2009, the present value of the deferred tax assets amounts to R\$31,582.

As the income tax and social contribution taxable bases arise not only from the profit that may be generated, but also from the existence of non-taxable income, non-deductible expenses, tax incentives and other variables, there is no immediate correlation between 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 deductible in the income tax and social contribution calculation for tax purposes amounts to R\$12,441,024 at December 31, 2009.

The realization of the deferred tax liability will occur as the difference between the tax base of goodwill and its carrying amount is reversed, that is, once the carrying value of goodwill in the balance sheet is either reduced or liquidated.

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

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

(A free translation of the original in Portuguese)

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

**Notes to the Financial Statements
at December 31, 2009 and 2008**

(All amounts in thousands of reais)

	BM&FBOVESPA	
	2009	2008
Net income before income tax and social contribution	1,183,023	674,912
Income tax and social contribution before additions and exclusions	(402,228)	(229,470)
Additions:	<u>(30,445)</u>	<u>(87,154)</u>
Adjustments from Law 11,638/07	(20,276)	(8,962)
Non-deductible expenses	(10,169)	(57,841)
Temporary additions	-	(20,351)
Exclusions:	<u>95,157</u>	<u>287,284</u>
Reversal of provisions and other non taxable revenue	-	4,591
Equity	2,167	177,520
Interest on own capital	92,990	105,100
Tax incentives	-	73
Tax credits - income tax and social contribution (1)	35,503	-
Other	<u>40</u>	<u>24</u>
Income tax and social contribution	<u>(301,973)</u>	<u>(29,316)</u>

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements

at December 31, 2009 and 2008

(All amounts in thousands of reais)

	Consolidado	
	2009	2008
Net income before income tax and social contribution	1,186,574	859,904
Income tax and social contribution before additions and exclusions	(403,436)	(292,367)
Additions:	<u>(30,852)</u>	<u>(67,088)</u>
Adjustments from Law 11,638/07	(20,276)	(8,962)
Non-deductible expenses	(10,576)	(30,108)
Temporary additions	-	(28,018)
Exclusions:	<u>92,990</u>	<u>145,449</u>
Reversal of provisions and other non taxable revenue	-	13,444
Interest on own capital	92,990	115,831
Tax incentives	-	183
Reducing the deduction of tax loss carryforwards	-	15,991
Tax credits - income tax and social contribution (1)	35,503	-
Other	<u>1,290</u>	<u>1,265</u>
Income tax and social contribution	<u>(304,505)</u>	<u>(212,741)</u>

(1) During the second quarter of 2009, income tax and social contribution credits in the amount of R\$35,503 were recorded. These assets are related to tax losses of the former Bovespa Holding which were not used at the time Bovespa Holding was merged into BM&FBOVESPA, due to the supposed limitation of 30% of the adjusted net income for the use tax losses. The Company has reassessed this procedure during the second quarter of 2009, in conjunction with its legal advisors, based on the understanding that this limitation would not be applicable in mergers, as in these cases there is no continuity of the Company and therefore there would not be any limitation for the use of existing tax losses. As a result, the Company has recorded the aforementioned tax assets.

(d) *Transitional Tax System*

Provisional Measure 449/08, converted into Law 11,941/09, introduced the Transitional Tax System (RTT) for taxable income determination purposes, addressing the tax adjustments arising from the new methods and accounting criteria introduced by Law 11,638/07. The Company declared its option for the RTT when filing the Corporate Income Tax Return (DIPJ) for 2008. As

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008 (All amounts in thousands of reais)

a result of the option to use the 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.

21 Sundry Expenses

Details	BM&FBOVESPA	
	2009	2008
Contributions and donations	2,958	5,721
Electricity, water and sewage	7,022	4,539
Travel	3,190	3,316
Sundry provisions	3,778	3,141
Insurance	677	892
Legal and judicial expenses	430	200
Other	3,072	3,856
Total	21,127	21,665

Details	Consolidated	
	2009	2008 (*)
Contributions and donations (1)	2,953	18,386
Electricity, water and sewage	7,238	7,015
Travel	3,596	5,341
Sundry provisions	4,052	4,848
Insurance	678	1,275
Legal and judicial expenses	445	305
Other	3,470	6,541
Total	22,432	43,711

(*) The amount of R\$1,844 previously presented as "Other" have been reclassified to the group of expenses with "Promotion and Publicity" for comparison purposes.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

- (1) In contributions and donations, the total amount of R\$18,386 in the consolidated in 2008 includes R\$8,830 donated 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 Operating Leases

At December 31, 2009, future minimum non-cancelable payments on operating leases for IT related equipment are presented below:

Period	2009	2008
Up to one year	2,451	13,729
From one to five years	-	5,425
Total	2,451	19,154

23 Other operating revenues

Details	BM&FBOVESPA	
	2009	2008 (*)
Dividends from equity interests	12,592	20,650
Reversal of provisions	161	5,052
Other recoveries	892	10,162
Capital markets seminar fees	4,383	-
Profit on sale of assets	530	69
Sundry	1,192	2,901
Total	19,750	38,834

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

Details	Consolidated	
	2009	2008 (*)
Dividends from equity interests	12,592	20,650
Property rents	5,446	5,605
Reversal of provisions	1,459	8,607
Profit on sale of assets	530	2,527
Capital markets seminar fees	4,383	-
Other recoveries	779	3,768
Sundry	1,017	6,049
Total	26,206	47,206

(*) R\$2,854 at BM&FBOVESPA and R\$4,254 in the consolidated in the accumulated of revenues related to data processing and software licenses have been reclassified to the group of Trading Participant Access revenues for comparison purposes.

24 BM&FBOVESPA Integration

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

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\$58,537 at BM&FBOVESPA and R\$129,576 in the consolidated in 2008. These expenses mainly comprised costs associated with the dismissal of personnel and for contracting third-party services related to the integration process.

25 Insurance

The Company searches in the market for insurance consultant support to establish coverage compatible with its size and operations. The main coverage, at December 31, 2009, was contracted at the amounts indicated below, according to the insurance policies:

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

Insurance lines	Amounts insured
Amounts at risk, material damages, property and equipment	236,715
Civil liability	62,720
Works of art	16,133

26 New Accounting Pronouncements

The standards and interpretations listed below were published and are mandatory for financial years beginning on or after January 1, 2010. Besides these, other standards and interpretations were published that alter the accounting practices adopted in Brazil, as part of the process of convergence with international standards. The standards and interpretations below are only those that are expected to impact the Company's financial statements.:

- Deliberation CVM 577/2009 – CPC 20 – Borrowing costs;
- Deliberation CVM 581/2009 – CPC 21 – Interim Financial Reporting;
- Deliberation CVM 582/2009 – CPC 22 – Segment reporting;
- Deliberation CVM 583/2009 – CPC 27 – Property, plant and equipment;
- Deliberation CVM 592/2009 – CPC 23 – Accounting Practices, Changes in Estimates and Correction of Errors;
- Deliberation CVM 593/2009 – CPC 24 – Events after the balance sheet date;
- Deliberation CVM 594/2009 – CPC 25 – Provisions, Contingent Liabilities and Contingent Assets;
- Deliberation CVM 595/2009 – CPC 26 – Presentation of financial statements;
- Deliberation CVM 597/2009 – CPC 30 – Revenue;
- Deliberation CVM 598/2009 – CPC 31 – Non-current Assets Held for Sale and Discontinued Operations;
- Deliberation CVM 599/2009 – CPC 32 – Income taxes;
- Deliberation CVM 600/2009 – CPC 33 – Employee benefits;
- Deliberation CVM 601/2009 – ICPC 08 – Accounting for proposed dividend payments.
- Deliberation CVM 604/2009 – CPC 38 – Financial instruments: Recognition and Measurement;
- Deliberation CVM 604/2009 – CPC 39 – Financial instruments: Presentation;
- Deliberation CVM 604/2009 – CPC 40 – Financial instruments: Disclosure;
- Deliberation CVM 605/2009 – CPC 18 – Investment in associates;

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008

(All amounts in thousands of reais)

- Deliberation CVM 606/2009 – CPC 19 – Interests in joint ventures;
- Deliberation CVM 607/2009 – CPC 35 – Separate financial statements;
- Deliberation CVM 608/2009 – CPC 36 – Consolidated financial statements;
- Deliberation CVM 609/2009 – CPC 37 – First time adoption of the International Financial Reporting Standards;
- Deliberation CVM 610/2009 – CPC 43 – First time adoption of pronouncements CPC 15 to 40;
- Deliberation CVM 613/2009 – ICPC 03 – Complementary aspects of leasing arrangements;
- Deliberation CVM 614/2009 – ICPC 04 – Scope of pronouncement CPC 10 - Share-based payment;
- Deliberation CVM 615/2009 – ICPC 05 – Pronouncement CPC 10 – Share-based payment – Group stock transactions and treasury stock;
- Deliberation CVM 618/2009 – ICPC 09 – Individual financial statements, separate financial statements, consolidated financial statements and application of the equity method;
- Deliberation CVM 619/2009 – ICPC 10 – Clarifications on the pronouncement CPC 27 - fixed assets and CPC 28 - Investment property

The above pronouncements and interpretations are applicable to the financial statements for the year ending December 31, 2010, and also to the 2009 financial statements which will be presented together with the 2010 financial statements for comparison purposes.

Management does not expect the adoption of the new pronouncements and interpretations above to generate significant impacts on the net income and shareholders' equity of the Company, except with respect to the accounting for the investment in CME Group.

Under the accounting standards effective up to December 31, 2009, the investment in CME Group has been recorded at historical cost as an investment, in accordance with CPC 14, and the carrying value of the investment has been subject to an impairment analysis. This impairment analysis has been based on the discounted cash flow from the investment (“value in use”), as allowed by CPC 01 for investments recorded under the cost method, as described in Note 7.b.

As from the effective date of CPC 38, i.e., January 1, 2010, the investment in CME Group will be reclassified to financial instruments as a financial asset available for sale and adjusted to fair value. In accordance with CPC 38, the quoted stock price of the investee should be used to determine the fair value.

As a financial asset available for sale, CPC 38 will require the impairment analysis to be made by comparing the market value of the shares with their acquisition cost, and a loss should be recognized if there is a significant or prolonged decline in the market price of the shares.

(A free translation of the original in Portuguese)

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

Notes to the Financial Statements at December 31, 2009 and 2008 *(All amounts in thousands of reais)*

Because of the significant decline in the market price of the shares of CME Group in the fourth quarter of 2008, the initial adoption, for comparison purposes, of CPC 38 as of December 31, 2008 (beginning of 2009) will result in the recognition of an impairment of the investment in CME Group in the amount of R\$ 460,610, net of tax, which will be recognized in shareholders' equity as of December 31, 2008. The new cost basis of the investment at that date will therefore become R\$ 578,306. Additionally, during the year ended December 31, 2009, using this new cost basis as a reference, the market value of the investment in CME Group stock increased, generating a positive effect of R\$ 77,396, net of tax.

Under the new accounting standards, considering the effects mentioned above, the adoption of CPC 38 will reduce the balance of shareholders' equity of the Company at December 31, 2009 by R\$ 383,214, net of tax effects. It should be noted that these adjustments will not alter the bases for the distribution of dividends and interest on own capital in 2008 and 2009, which were based on the standards in effect at the time.

27 Subsequent events

BM&FBOVESPA S.A. released a Material Fact on February 11, 2010, announcing the signing of a Memorandum of Understanding to enter into a global preferred strategic partnership agreement with the CME Group, Inc which includes:

- (i) investments and commercial agreements with other international exchanges, on a shared and equal basis;
- (ii) joint development, in conjunction with the CME Group, of a multi-asset class trading platform for the trading of equities, derivatives, fixed income securities and other exchange-traded or OTC-traded assets;
- (iii) an increase in ownership interest to 5%, equivalent on this date to approximately one billion U.S. Dollars and
- (iv) appointment of a representative to attend the Board of Directors of CME.

The global preferred strategic partnership will have an initial term of 15 (fifteen) years, with the realignment of the strategic and commercial aspects on the 5th and 10th anniversaries.

The approval of the final agreement for implementation of the strategic partnership will be pending, among other things, of a decision of the board of directors.

* * *

AUDIT COMMITTEE REPORT

PRELIMINARY CONSIDERATIONS

BM&FBOVESPA S.A. (“BM&FBOVESPA”) performs a crucial role in the Brazilian capital markets, in particular the equities and derivatives markets. Given its operations as market manager, BM&FBOVESPA is under the regulatory authority and oversight of the Brazilian Securities Commission (CVM), subject, in particular, to the provisions of CVM Instruction 461 dated October 23, 2007.

In addition, due to the systemically material role performed by the clearing and settlement facilities the Company manages, such as defined in article 4 of Law No. 10,214 dated March 27, 2001, BM&FBOVESPA is subject also to oversight by the Central Bank of Brazil.

For BM&FBOVESPA the year ended December 31, 2009, was the first full year of operations since the corporate restructuring and integration process that joined the formerly independent exchanges that operated as BM&F and Bovespa, and from which the Company emerged in its present configuration.

FUNCTIONS AND RESPONSIBILITIES

The Management of BM&FBOVESPA is responsible for establishing and implementing management information systems for production of the financial statements the Company is required to prepare pursuant to rules provided by Brazilian Corporate Law, the accounting principles generally accepted in Brazil and the regulatory rules issued by the Brazilian Securities Commission.

Management is responsible also for the processes, policies and internal control procedures that ensure Company assets are protected, liabilities timely recognized and risk factors eliminated or otherwise mitigated to acceptable levels.

The internal audit is allocated the function of assessing the quality of the internal control systems adopted by BM&FBOVESPA, and verifying compliance with the policies and procedures established by Management, including those that are used in preparing financial statements.

The independent auditors are responsible for auditing the financial statements and issuing reports stating their opinion as to the Company’s adherence to generally accepted accounting principles. As a result of their work, and in addition to other reports they are expected to prepare, such as quarterly limited review reports, the independent auditors also issue a report containing their recommendations regarding accounting procedures and internal controls.

The functions of the Audit Committee are set forth in article 47 of the Bylaws, which encompasses responsibilities established in CVM Instruction 461/07.

In making judgments and forming opinions, the Audit Committee relies on information provided by Management, and on Management representations about information systems, financial statements and internal controls, as well as the results of work performed by the internal and the independent auditors.

ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee members meet regularly every month in ordinary sessions. The Committee held 12 ordinary sessions and 3 extraordinary sessions in the course of 2009, in connection with which we held a total of 38 meetings with Management members, the internal auditors, the independent auditors and other people, whereas the Committee Coordinator and the Board of Directors met twice.

Meetings with Management

The Committee met with the executive officers and their teams in order to get to know department structures, how each operates, their work processes, possible shortcomings in terms of control systems, their improvement plans, and to obtain feedback on impact from the exchange integration between BM&F and BOVESPA.

The foremost points of concern, which required more attention from the Committee, include the following:

- Adequacy to the corporate legislation on new accounting rules and standards, in addition to improvements to controls related to generation of financial reports, in particular for analysis of issues related to (i) goodwill from the merger of Bolsa de Valores de São Paulo S.A. (as Bovespa Holding S.A. was named at the time) with BM&FBOVESPA, and (ii) evaluation of the investment in the CME Group;
- Follow-up on issues related to management of central counterparty risk;
- Follow-up on issues related to information technology general controls.

Meetings with the independent auditors

The Committee also met with the independent auditors to gather information on the policy to ensure independence when providing services to the Company; to discuss the audit risk related to their work and the work plan aiming to establish the nature, time and extent of the principal audit procedures selected; and to understand possibly identified points of concern and how they would be audited.

Meetings took place periodically, at the end of the limited review work regarding quarterly information reports (ITR), and to discuss the preliminary audit work concerning the yearly financial statements, and at the start of the final stage of the audit of the financial statements as of and for December 31, 2009. At these meetings we specifically reviewed any still ongoing audit risk issues and the related auditing procedures. All aspects deemed to be material for an assessment of potential risk related to the financial statements and the mitigation measures in terms of audit and control processes were covered.

Meetings with the Internal Audit Team

At meetings with the Internal Audit team discussions cover work methods; specialized external support; reports on audit schedules and the results of audit work performed. The Internal Audit Officer is a permanent participant in Audit Committee meetings.

COMMENTARY AND RECOMMENDATIONS OF THE AUDIT COMMITTEE

The Audit Committee has been following the progress achieved in terms of information technology general controls, and the medium- and longer-term action plans which, despite having evolved since our findings at the end of 2008, still contemplate actions that demand longer-term response time.

The Audit Committee recommends that focus and emphasis be sustained on improvements to the controls environment, in particular those related to information technology.

CONCLUSIONS

In the judgment of the Audit Committee, based on work plans previously presented by the independent auditors and the internal audit team, and on subsequent discussions of results, the work performed by the external and the internal auditors was adequate.

The Audit Committee is of the opinion that the internal controls which guided the process of preparation of the financial statements as of and for December 31, 2009, are satisfactory.

In the judgment of the Audit Committee, all material facts made known to us and our findings in the course of the work performed, and described in this report, are adequately disclosed in the Management Report and the audited financial statements as of and for the year ended December 31, 2009, which are recommended for approval by the Board of Directors.

São Paulo, February 23, 2010.

L. Nelson Carvalho – Committee Coordinator and Independent Committee Member

Marcelo Fernandez Trindade – Independent Member of the Board of Directors of BM&FBOVESPA S.A. and Committee Member

Paulo Roberto Simões da Cunha – Independent Committee Member

Sérgio Darcy da Silva Alves – Independent Committee Member

Tereza Cristina Grossi Togni – Independent Committee Member¹

¹ Took office May 18, 2009.