

BM&FBOVESPA S.A.
BOLSA DE VALORES, MERCADORIAS E FUTUROS
The Brazilian Securities, Commodities and Futures Exchange

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Notice to the Market

New Trading and Post Trading Fees in Bovespa and BM&F Segments

For the last few years since 2008, we at BM&FBOVESPA (BVMF) have been engaged in the process of improving and refining its pricing policy with the aim of enhancing product efficiency, heightening market liquidity and attracting new local and foreign investors.

An improvement opportunity we had yet to tackle, albeit identified in Circular Letter 70/2008–DP dated October 27, 2008, relates to certain cross subsidies embedded in some of our fees for products and services. Imbalances between costs attributable to our trading and post-trade activities and the fees we charge across these business lines actually detract from the comparability of prices we charge with those that are practiced in other markets, particularly markets which do not operate integrated trading and clearing platforms, meaning markets whose post-trade structure is operated by an independent entity.

Thus, in an important move towards eliminating cross subsidies embedded in our trading and post-trade fee rates, we are now releasing a new pricing policy which will allow for much improved comparability with the fees charged by other exchanges around the world.

We should stress that in devising this new policy we were concerned to ensure, and have indeed ensured ‘neutral effect’ relative to overall cost by trade for market participants and investors, as compared to overall cost by trade under our current pricing structure.

Our new pricing policy will be implemented in a two-phase process whereby changes to fees for products and services related to cash equities and equity derivatives take effect from the **August 26, 2011** trading session, whereas changes related to other listed derivatives (except for corn futures contracts) take effect starting from the trading session of **October 31, 2011**.

Existing price distortions are particularly substantial within the Bovespa segment, where trading fees for transactions in cash equities account for approximately 70% of the prices investors pay, whereas our related costs are not consistent with this proportion. As a result, while the combined trading and post-trade fees we charge are in line with the international pricing standards, our price distribution presently creates the false impression that current trading fees strongly deviate from the international standard.

For example, under this new policy, the trading fee we will be charging from “retail and other investors” (as per the fee schedule) declines to 0.7 basis point from 2.85 basis



points previously, thus clearly in line with the pricing practices in major international markets. Conversely, the post-trade fee we will be charging from these investors for clearing, settlement and counterparty services climbs to 2.75 basis points from 0.6 basis point earlier. Therefore, this new pricing policy conveys a rebalancing effort for straightforward alignment of our fees with international prices, with no impact on the overall cost by trade for investors, who will still pay the same combined trading and post-trade fees, i.e., 3.45 basis points.

The trading and post-trade fees we have been practicing represent on average 70% and 30%, respectively, of the overall cost by trade. As a result of our rebalancing effort, after fully implementing this new policy, the trading fees we will be charging should represent nearly 30% of the overall cost by trade within the Bovespa segment and 40% within the BM&F segment.

Existing discounts have been sustained under this new pricing policy. In the particular case of high frequency traders dealing on the stock market, where until now discounts were granted solely on trading fees, discounts will now be granted also on post-trade fees.

Moreover, we should note we are now considering adopting a discount policy based on volume growth, which should be attractive for both our end customers and their brokers, and implementing a fee cut concerning services our central securities depository provides to small retail investors.

Our new price schedule and other details concerning this new pricing policy are set forth in Circular Letter 006/2011–DP, which is available in our website at www.bmfbovespa.com.br (Rules > Circular Letters).

São Paulo, July 13th, 2011.

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