

PROTOCOL AND JUSTIFICATION OF MERGER

By this private instrument,

The undersigned officer of **BM&F Bovespa S.A. – Bolsa de Valores, Mercadorias e Futuros**, a company with its head offices in the City of São Paulo, State of São Paulo, at Praça Antonio Prado, 48, enrolled with the CNPJ/MF under No. 09.346.601/0001-25 (“BM&FBovespa”), as authorized by its Board of Directors;

The managers of **Bolsa de Valores de São Paulo S.A. - BVSP**, a company with its head offices in the City of São Paulo, State of São Paulo, at Rua XV de Novembro, 275, enrolled with the CNPJ/MF under No. 08.695.953/0001-23, (“New BVSP”); and

The managers of **Companhia Brasileira de Liquidação e Custódia** a company with its head offices in the City of São Paulo, State of São Paulo, at Rua XV de Novembro, 275, enrolled with the CNPJ/MF under No. 60.777.661/0001-50, (“CBLC”),

Considering (i) the completion of the process of administrative integration of BM&F and of Bovespa, which started on May 8, 2008 after approval by the respective shareholders of the corporate reorganization involving the companies, and having overcome the obstacles to consolidation of the respective activities into a single company, with a view to the operational simplification and to reduction in costs incurred with transactions between companies; and (ii) BM&FBovespa, as of this date, is the owner of 100% of the shares representing the capital of New BVSP which, in turn, is the owner of 100% of the shares representing the capital of CBLC.

Propose the merger of New BVSP and CBLC (“Merged Companies”) into BM&FBovespa (“Merger”), through execution of this Protocol and Justification of Merger (“Protocol and Justification”), as provided for in articles 224 and 225 of Law 6404/76 (“Corporation Law”), the terms of which shall be submitted to the shareholders of BM&FBovespa and of the Merged Companies for resolution, pursuant to law:

1. Objectives and Bases of the Transaction.

1.1. The Merger is envisaged by the corporate reorganization procedure involving BM&FBovespa and its controlled companies, which began with the merger, on August 29, 2008, of the former Bolsa de Valores de São Paulo S.A. BVSP (CNPJ/MF No. 02.584.094/0001-19), into Bovespa Holding S.A. (CNPJ/MF No. 08.695.953/0001-23), which changed its name to “Bolsa de Valores de São Paulo S.A. - BVSP”, as a result of the completion of the administrative integration process referred to in the preamble of this instrument. As already mentioned, the Merger will result, among other advantages, in the operational simplification and reduction in costs incurred with transactions between the companies involved.

1.2. The Merger will be carried out so that BM&FBovespa receives – for the respective book values as of August 31, 2008 (“Reference Date”), without applying to this case the provisions of Article 226, paragraph 3 of the Law 6,404/76 – all of the assets, rights and obligations of the Merged Companies, without increasing, however, the net equity of BM&FBovespa, to the extent the net equity of CBLC and of New BVSP is already reflected in the net equity of BM&FBovespa, as a result of the application of the net equity of accounting method.

1.3. BM&FBovespa will begin to perform the activities that are currently performed by the Merged Companies, and consequently, will succeed to all rights and obligations related to the agreements required for the execution of such activities, as well as in connection with the legal proceedings to which the Merged Companies are parties.

1.4. The premium in the amount of R\$16,384,911.365,99 arising from the merger on May 8, 2008 of all of the shares issued by Bovespa Holding S.A., herein referred to as BVSP, will be amortized, from a tax standpoint, after the Merger, by BM&FBovespa, pursuant to prevailing legislation and without issuing new shares.

2. Replacement ratio, number and type of shares to be ascribed to the shareholders of the Merged Companies and share rights

2.1. As 100% of the shares representing the capital of New BVSP are owned by BM&FBovespa and 100% of the shares representing the capital of CBLC are owned by New BVSP, there are no other minority or other shareholders in the Merged Companies except for BM&FBovespa itself, the merging company, or New BVSP, the merged company.

2.2. Moreover, as the net equity of BM&FBovespa will not be modified, consequently new shares will not be issued, and for this reason no exchange ratio will have to be established.

2.3. Preparation of the appraisal referred to in Article 264 of the Corporation Law is suggested to be waived, as it would result in costs to be exclusively incurred by BM&FBovespa, without any practical application, to the extent that (i) there are no other minority neither shareholders, in the merged companies, other than the merging company itself or the New BVSP, the company to be merged; (ii) there will be no capital increase; (iii) also, no share exchange ratio will be established that could be the object of comparison; and (iv) the recess value will need not be determined due to the reasons expounded above.

2.3.1. On October 17, 2008, BM&FBovespa requested the approval by the Brazilian Securities Commission (“CVM”) to the understanding under item 2.3 above in relation to the lack of purpose of the appraisal referred to in Article 264 of the Corporation Law. CVM has not yet expressed itself on such request up to this date.

3. Criterion for appraisal of the Merged Companies’ equities and treatment afforded to equity variations.

3.1. The managers of BM&FBovespa have retained PricewaterhouseCoopers Auditores Independentes, with its head offices in the City and State of São Paulo, at Av. Francisco Matarazzo, 1.400, 9th, 10th and 13th to 17th floors, Torre Torino, Água Branca, enrolled with the CNPJ/MF under No. 61.462.112/0001-20 and in CRC/SP under No. 2SP000160/O-5 (“PWC”), to appraise the net equity of the Merged Companies

which is to be transferred to BM&FBovespa due to the Merger. Such indication is conditioned upon ratification by the general shareholders' meeting of BM&FBovespa that will analyze the Protocol and Justification, pursuant to the terms of paragraph 1 of Article 227 of the Corporation Law.

3.2. The equity variation ascertained as from the Reference Date until the date of consummation of the Merger will be appropriated by BM&FBovespa.

3.3. All the real state properties that make up the equity of the Merged Companies, the description and identification of which will be attached to the minutes of the Extraordinary General Meeting of BM&FBovespa that is to resolve on the Merger, as well as the assets, inventories and equipment existing in the Merged Companies' premises will become the property of BM&FBovespa as a result of the Merger.

4. Capital increase of BM&FBovespa and capital composition and shares after the Merger.

4.1. Since the Merger involves controlling and controlled companies, the provisions of paragraph 1 of Article 226 of the Corporation Law shall apply thereto, and the 722,888,403 shares issued by New BVSP and the 114,102 shares issued by CBLC and owned by BM&FBovespa and New BVSP, respectively, shall be cancelled.

4.2. Considering that the net equity will not be increased and, consequently, no additional shares will be issued as a result of the Merger, the capital composition of BM&FBovespa shall not be affected.

5. Reimbursement to dissident shareholders of the Merged Companies.

5.1. There are no shareholders in the Merged Companies other than New BVSP or BM&FBovespa, as applicable, and therefore, the reimbursement to dissident shareholders shall not be applicable.

6. Other information on the transaction.

6.1. Implementation of the Merger will cause the Merged Companies to be extinguished, which, as already stated, will be succeeded by BM&FBovespa as regards all its assets, rights and obligations, pursuant to the provisions of Article 227 of the Corporation Law.

6.2. Registration of BM&FBovespa as a publicly held company with CVM will be maintained.

6.3. The management of BM&FBovespa shall perform all acts necessary to implement the Merger, including cancellation of the Merged Companies' registrations with the competent federal, state and municipal agencies, as well as keeping of the accounting books of the Merged Companies for the period sets forth by law. The costs and expenses deriving from implementation of the Merger shall be undertaken by BM&FBovespa.

6.4. This Protocol and Justification and the financial statements that served as a basis for calculation of the net equity of the Merged Companies as of the Reference Date (audited pursuant to article 12 of CVM Ruling No. 319), as well as the other documents mentioned in article 3 thereof, will be available at the headquarters of BM&FBovespa as from October 22, 2008.

6.5. Corporate acts. The following acts shall be performed: *(a)* Extraordinary General Meeting of Shareholders of BM&FBovespa, to approve this Protocol and Justification, ratify the appointment of the experts indicated in item 3.1 above, to approve the appraisal also referred to in item 3.1 above and implementation of the Merger; *(b)* Extraordinary General Meeting of Shareholders of the Merged Companies, to approve this Protocol and Justification and authorize the managers of the Merged Companies to perform the acts required for the Merger.

6.6. The parties elect the courts of the judicial district of the capital of São Paulo to settle any doubts arising out of this Protocol and Justification.

IN WITNESS WHEREOF, THE PARTIES SIGN THIS INSTRUMENT IN THREE (3) COUNTERPARTS OF IDENTICAL FORM AND CONTENT, IN THE PRESENCE OF THE UNDERSIGNED WITNESSES.

São Paulo, October 21, 2008

BM&F Bovespa S.A. – Bolsa de Valores, Mercadorias e Futuros
Edemir Pinto

_____Bolsa de Valores de São Paulo S.A. - BVSP:
Hélcio Fajardo Henriques Carlos Kawall Leal Ferreira

Companhia Brasileira de Liquidação e Custódia
Hélcio Fajardo Henriques Amarílis Prado Sardenberg

Witnesses:

- | | |
|----------|----------|
| 1. _____ | 2. _____ |
| Name: | Name: |
| ID: | ID: |
| CPF/MF: | CPF/MF: |