



BM&FBOVESPA S.A. - BOLSA DE VALORES, MERCADORIAS E FUTUROS

The Brazilian Securities, Commodities and Futures Exchange

Taxpayer ID (CNPJ) No. 09.346.601/0001-25

State Registration (NIRE) 35.300.351.452

NOTICE TO THE MARKET

Clarification on news report given in response to a CVM Official Letter

In a request for clarification referenced CVM/SEP/GEA-1 No. 033/2014, dated January 17, 2014, the market regulator refers to a January 17 news report published on the website of the *Folha de São Paulo* newspaper, under the headline “*The statement of the witness to the ISS-mafia affair is ‘delusional,’ says Kassab*”, and directs us to provide clarification regarding the accuracy of the report. In response to the request, BM&FBOVESPA states the following:

- In 2011, BM&FBOVESPA took the decision of developing in the municipality of Santana de Parnaíba (i) an administrative building where it planned to move a substantial portion of its services business, and (ii) a proprietary data center designed to house the technology infrastructure necessary for the processing of capital markets transactions.
- Moreover, one of the reasons underlying the 2011 decision to move part of the business to Santana de Parnaíba was the fact that a planned rebalancing of BM&FBOVESPA’s trading and post-trading fees would result in significant increase in service revenues subject to levy of Service Tax (ISS), a municipal tax which in the city of São Paulo was charged at a 5% rate for those particular classes of services. This increase in the service tax basis, and the resulting tax we would be required to pay at such rate, would have had a material financial impact on the Company if we were to continue to provide post-trade services from premises located in the city of São Paulo.
- Thus, BM&FBOVESPA advised the São Paulo Mayor’s Office of its project to move part of the business to another municipality. But we also submitted an alternative proposal to have the City cut down the tax rates applicable to some service classes, a move which for us would dampen the financial impact of the tax levy, while not implying loss of tax revenues for the City given the higher tax basis on which we would be paying service tax after implementing the fee rebalancing project.
- The São Paulo Mayor’s Office appreciated the nature of the problem, conducted its own studies, recognized the merits of our proposal, and took action, carrying out the necessary procedures to have the ISS tax rates cut down to levels comparable to those of the municipality of Santana de Parnaíba, and ultimately submitting Project Bill 1,144/2011 to the City Council, which, among other things, contemplated a reduction of the ISS tax rate for certain classes of services, including services BM&FBOVESPA provides.
- The table below sets forth data related to Service Tax BM&FBOVESPA has paid to the city of São Paulo between 2010 and 2013. While the city’s tax revenues for 2011 did fall somewhat, the tax rate cuts resulted in an important increase in tax revenues for the subsequent years.

2010	2011	2012	2013
R\$ 25,448,218.50	R\$ 22,129,969.70	R\$ 27,694,561.79	R\$ 29,300,051.83

- BM&FBOVESPA is an example in terms of technology innovation put to the service of public interest and has partnerships established with government entities at every level – local, state and federal. Some instances of this are shown below. In addition, within this context, the Company established a partnership with the City of São Paulo to implement the services e-invoicing system (*Nota Fiscal Paulista* System), as follows:

- **Nota Fiscal Paulista System**
BM&FBOVESPA volunteered to buy and donate to the City (for a total cost of R\$2,343,240.00) information systems developed and customized by providers selected by the City Hall within the scope of the local e-invoicing system. BM&FBOVESPA pays these providers directly but only after receiving from the City Hall notice of the systems commissioning certification.
- **“Sou da Paz” Institute (Crime reduction NGO) – São Paulo State Government (Public Safety Office)**
Project purpose: assisting the State in implementing actions aimed to reduce criminality by setting up a management model for the São Paulo Public Safety Office which focuses on aligning strategies vis-à-vis the Civil Police Force, the Military Police Force and the Forensics Police Division based on better recommended public administration practices (BM&FBOVESPA has pledged R\$1,000,000.00 to this partnership over a two-year period).
- **Crime Tip Line (Disque-denúncia) – São Paulo Against Violence Institute (Instituto São Paulo Contra Violência – ISPCV)**
Project purpose: cooperation (started in 1997) targeting crime prevention and reduction in the State of São Paulo through planning, implementing, monitoring and assessing projects, programs and policies aimed to promote social justice, citizenship, human rights and a culture of peace (BM&FBOVESPA has pledged R\$2,500,000.00 to the partnership over every 5-year period, with yearly disbursements of R\$500,000.00).
- **Science Beyond Borders (Ciência sem Fronteiras) – Brazil Government**
Project purpose: large scale nationwide scholarship program aimed to strengthen and expand STEM knowledge, innovation and competitiveness through international mobility of researchers, and graduate and undergraduate students. The program is a joint collaboration of the Ministry of Science, Technology and Innovation (MCTI) and the Ministry of Education (MEC), each acting through their funding agencies – CNPq and Capes, respectively –, and the MEC Higher Education and Technology Offices. (BM&FBOVESPA has pledged a total of US\$4,172,550.00 to this 3-year partnership, with disbursements of US\$1,335,216.00 in 2013, US\$1,251,765.00 in 2014 and US\$1,585,569.00 in 2015).
- We should stress the developments reported above are supported by sound, full and verifiable documentary evidence. We, at BM&FBOVESPA, adopt high standards of ethical conduct, based on which, differently from what the news report in question seems to imply, we absolutely refuse ever to engage in less than strictly lawful and transparent practices and transactions. In this regard, we strongly object to the irresponsible accusations published in the press media and will be ready to provide any additional clarification.

In view of the foregoing, BM&FBOVESPA takes the view that the information contained in the news report in question is a fabrication which does not constitute material fact, as defined under CVM Ruling No. 358, as amended.

For additional information, please contact our Investor Relations staff at phone numbers + 55 (11) 2565-4207 / 4834 / 4418 / 4729.

São Paulo, January 17, 2014.

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