

2Q14 Earnings Presentation



August 8th, 2014

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2Q14 vs. 2Q13 Highlights

Lower volumes, expense discipline and returning capital to shareholders

FINANCIAL HIGHLIGHTS

Total revenue: R\$516.4 MM, -22.8%

- **BM&F seg.:** R\$193.8 MM, -27.9%
- **Bovespa seg.:** R\$221.8 MM, -23.4%
- **Other:** R\$100.8 MM, -8.8%

Net revenue: R\$464.8 MM, -22.5%

Adjusted expenses¹: R\$134.1 MM, +0.7%

Operating income: R\$286.6 MM, -32.3%

EBITDA²: R\$359.6 MM, -28.5%
(EBITDA margin 77.4%)

Financial Results: R\$59.5 MM, +38.2%

Adjusted net income³: R\$372.8 MM, -20.6%

Adjusted EPS: R\$0.203, -16.8%

REVENUE HIGHLIGHTS

2Q13: all time high volumes and revenue

2Q14: lower volatility, changes in the internal and external macroeconomic outlook, world cup impact and fewer trading days (60 in 2Q14 vs. 63 in 2Q13)

HIGH GROWTH PRODUCTS

Tesouro Direto: new records in both assets under custody and number of investors

LCAs: R\$103.6 billion registered (+98.1%)

RETURNING CAPITAL TO SHAREHOLDERS

Payout: R\$200.1 MM in 2Q14, R\$0.109 per share

Share buyback: Mar-Jul'14: **30.2 MM shares** (1.7% of the free float)

MAIN PROJECTS AND UPDATES

Clearinghouses Integration: derivatives phase set to go live on Aug 18 (approved by Central Bank)

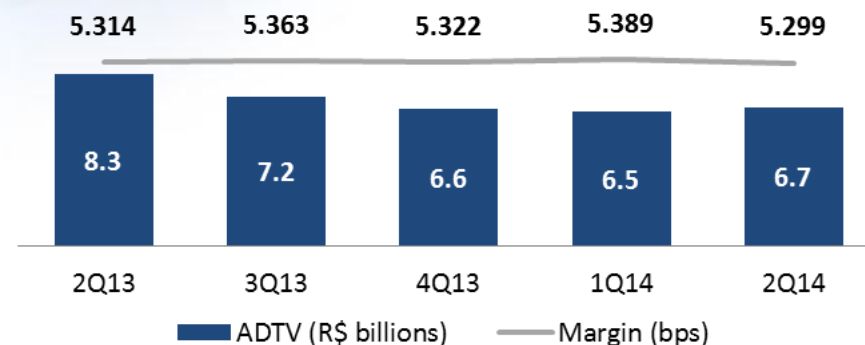
SMEs: incentives for investors and companies

¹ Excludes stock options plan cost, depreciation, tax on dividends from CME Group and provisions. ² According to CVM Rule 527/12 that does not exclude equity method accounting. ³ Excludes deferred liability recognized in correlation with temporary differences from amortization of goodwill for tax purposes, stock options plan cost, investment in associate (CME Group) accounted under the equity method of accounting, net of taxes related to dividends and taxes paid overseas to be compensated.

AVERAGE DAILY TRADING VALUE (ADTV)

2Q14 vs. 2Q13: - 18.7%

- Lower turnover velocity
 - Lower volatility and deterioration of macroeconomic outlook
 - Reduction of average daily number of trades (-12.4%)
- Flat average market capitalization at R\$2.41 trillion

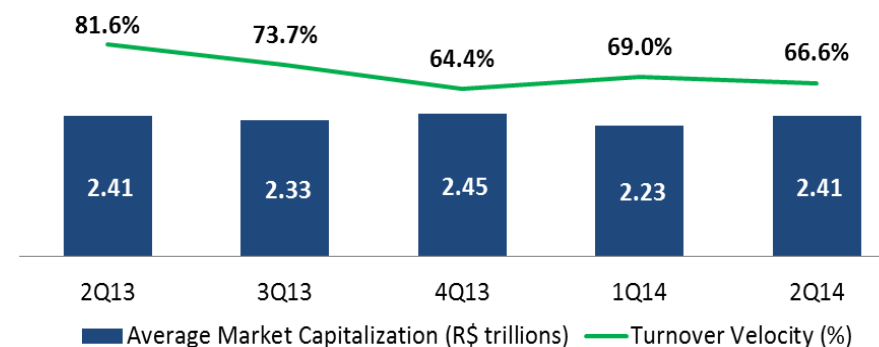


TRADING MARGINS (in basis point - bps)

2Q14 vs. 2Q13: flat margin at 5.299 bps

Market	2Q14	2Q13
Cash market	4.937	4.968
Derivatives on single stocks	14.063	12.355
Forward	12.999	12.999
Options	14.497	12.150
Total BOVESPA	5.299	5.314

MARKET CAP. AND TURNOVER VELOCITY



AVERAGE DAILY VOLUME (ADV) AND AVERAGE REVENUE PER CONTRACT (RPC)

2Q14 vs. 2Q13:

ADV: 2.3 million contracts: -37.9%

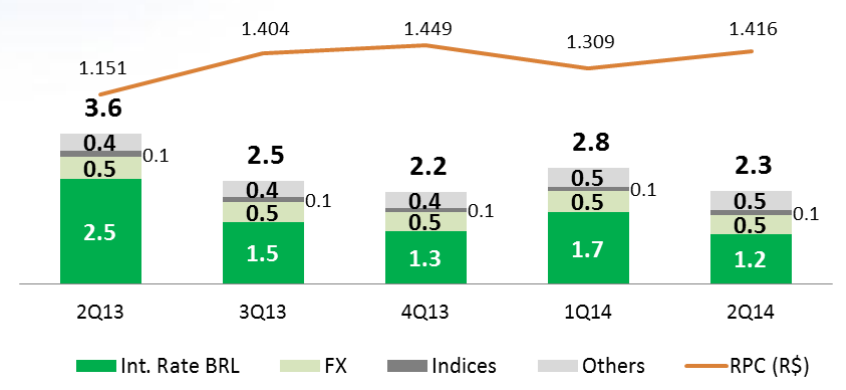
- Lower ADV of Interest Rates in BRL contracts (-52.9%) and FX contracts (-11.4%)
- Higher ADV of Interest Rates in USD contracts (+27.6%)

RPC: +23.1% (mix effect and FX rate appreciation)

- Interest Rates in BRL: lower participation in overall volumes and concentrated in longer maturities
- FX and Interest Rates in USD contracts (+7.3% and +17.3%, respectively): FX rate appreciation (USD/R\$)

(in millions of contracts)

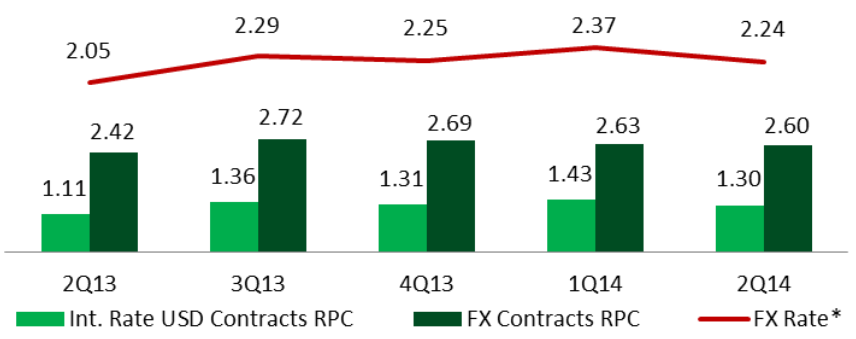
Contracts with RPC referred in USD represented ~30% of derivatives ADV 2Q14



REVENUE PER CONTRACT AND FX RATE

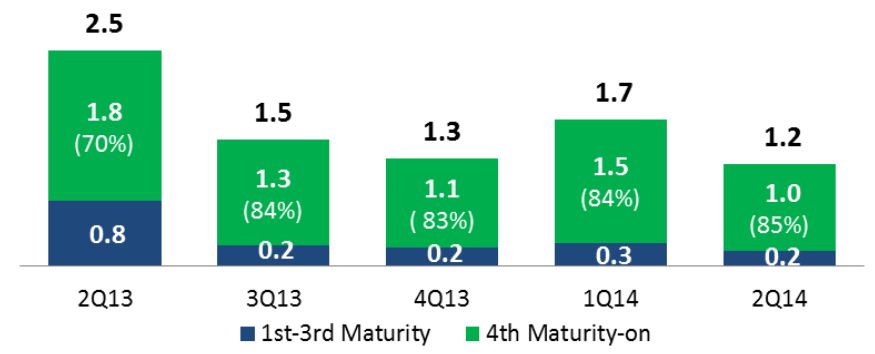
(in R\$)

~46% of derivatives revenue was priced in USD in 2Q14



INTEREST RATES IN BRL - ADV BY MATURITY

(in millions of contracts)



*Average FX rate (R\$/US\$) in the quarter, considering the closing price for each month.

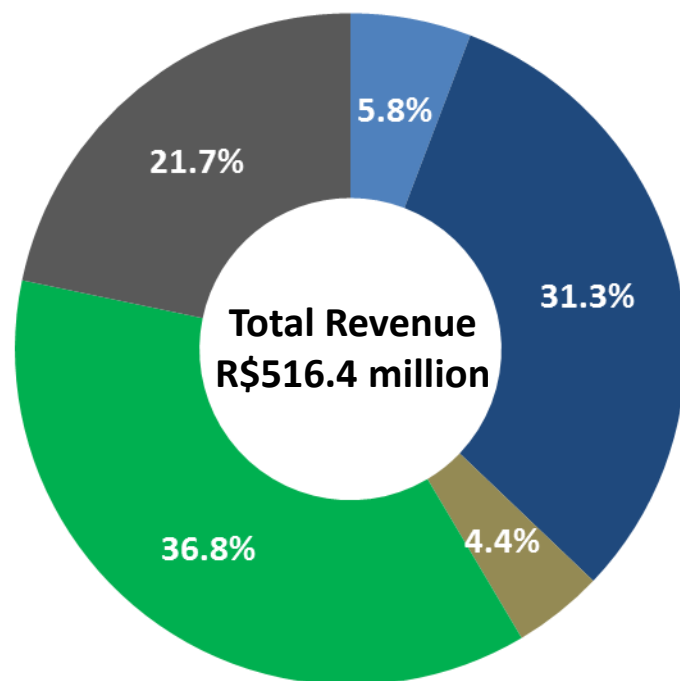
2Q14 Revenue Breakdown

Diversified revenues sources as a differential

REVENUE BREAKDOWN

**CASH MARKET TRADING REVENUE
ACCOUNTED FOR
5.8% OF TOTAL**

**DERIVATIVES REVENUE
(BM&F + BOVESPA) ACCOUNTED FOR
41.2% OF THE TOTAL**



37.1%: Cash Market

5.8%: Trading

31.3%: Post-Trading

4.4%: Stock and Indices Derivatives¹

36.8%: Financial/Commodity Derivatives¹

16.5%: Brazilian Real interest rates contracts

13.4%: FX Contracts

3.8%: USD interest rates contracts

3.1%: Other Financial/Commodity Derivatives

21.7%: Other Revenue

4.1%: Securities Lending

5.7%: Depository, Custody and Back-Office

3.3%: Vendors

2.3%: Listing

1.9%: Trading Access

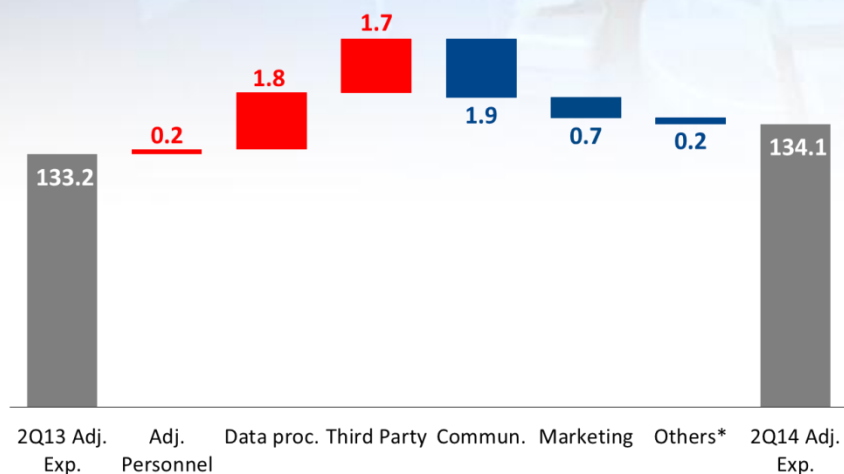
¹Trading and Post-trading

2Q14 Expenses Breakdown

Rigorous expense control

ADJUSTED EXPENSES (2Q14 vs 2Q13)

(in R\$ millions)



Adjusted expenses (+0.7%)

Adjusted personnel (+0.2%): (i) downsizing in headcount; (ii) reduction in the profit sharing accrual; and (iii) higher personnel expenses capitalized

Data processing (+7.1%): inflationary adjustments of contracts and higher expenses from platforms recently deployed

Third party services (+23.1%): hiring of strategic consulting services and payment of fees for legal counsels

Communication (-39.5%): reduction in postal service costs by changing the sending process of statements to investors

*Include expenses with maintenance in general, taxes adjusted by the dividends from CME Group, board and committee members compensation and others.

EXPENSES GROWING BELOW AVERAGE INFLATION

In 1H14, adjusted expenses amounted R\$270.6 MM, a **5.2% growth over 1H13 and within the 2014 budget (R\$595 MM – R\$615 MM)**

Headcount adjustments

Lower amount accrued for profit sharing

Revisiting contracts

Reassessing process and expenses to capture synergies and gain efficiency

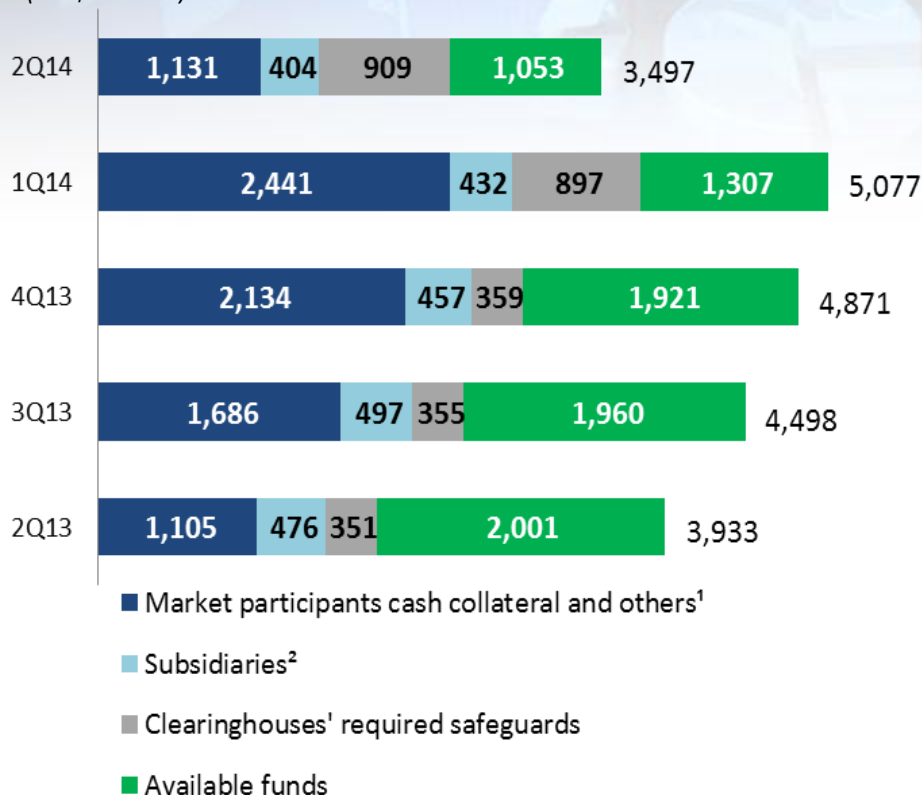
Increased amount of personnel expenses capitalized in comparison with 2013

Financial Highlights

Returning capital to shareholders

CASH AND FINANCIAL INVESTMENTS

(In R\$ millions)



Available funds: quarter-over-quarter reduction, mainly due to the payment of two dividends in 2Q14 (R\$350.6 MM)

¹ Includes earnings and rights on securities in custody.

² Includes third party collaterals at BM&FBOVESPA Settlement Bank (Banco BM&FBOVESPA).

RETURNING CAPITAL TO SHAREHOLDERS

Payout

R\$200.1 MM in dividends (80% of the 2Q14 GAAP net income): payment on Aug 29th (shareholders' position of Aug 11th)

Share Buyback

Mar-Jul'14: 30.2 MM shares (**R\$337.7 MM**) under the current program (up to 100 MM shares – until Dec'14)

YTD14: 67.2 MM shares (**R\$708.2 MM**) reaching 3.5% of the free-float

FINANCIAL RESULT

Financial result of R\$59.5 million, up 38.2% from 2Q13, explained mainly by a 18.6% increase in financial income that reflects higher average interest rates

CAPEX

2Q14: R\$41.6 MM (R\$106.0 MM in 1H14)

Capex budget ranges:

2014: between R\$230 – 260 MM

2015: between R\$190 – 220 MM

Markets and Products Development

Projects and products execution and pipeline

	1H14	2H14
IT Infrastructure and Functionalities	Derivatives phase of the new integrated clearing and new risk model (CORE)	
	ePUMA – new trading screen (for the Bovespa segment)	
	Data Center - building	Data Center - moving
		Corporate Bonds - migration to PUMA
		MM – new functionalities for player and for the Exchange
		Tesouro Direto - new screens and app
Sec. Lending - operational improvements		
Listed Products	Foreign Index ETF (S&P500)	45 new BDRs (USA and Europe)
		Future contracts – inflation-based contracts (revisiting and promoting existing contracts) new coffee contract (type 6/7)
		Addition of new MM for derivatives
OTC / FI	CDB, LCI and COE	COE (physical delivery), CDB (new types), <i>Letras Financeiras</i> and NDF (bilateral and through a CCP) ¹
Sec. Lending	Disclosure improvements	Promote the Brazilian model (Sec. Lending through a CCP) to local and international investors and discussions with U.S. and European regulators

¹ Conditioned to the authorization from regulators.

CLEARINGHOUSES INTEGRATION

New risk model CORE (CloseOut Risk Evaluation)

Strengthen strategic position

Fostering market development and sophistication



Key benefits to the market and the Exchange:

- ✓ Capital efficiency for clients
- ✓ Improved liquidity management
- ✓ Operational efficiency
- ✓ Reduced operational and IT risks

1st phase (derivatives)

Go lived on Aug 18th (approved by Central Bank on Aug 7th)

Intensive discussions and tests with regulators and market participants (~12 months period of certification processes and production parallel cycles)

Expected benefits to the market

Integrated portfolio risk calculation: listed and OTC derivatives, as well as pledged collateral

Integrated and robust modeling of market, liquidity and cash flow risks (including derivatives vs. collateral)

Risk netting among several contracts that have similar risk factors:

- Futures vs. options
- Futures vs. swaps
- Options with different maturity dates

Paving the way for a sustainable capital raising activity for SMEs by encouraging companies and investors

Main outcomes from studies conducted by BM&FBOVESPA, government agencies and market participants

- Tax exemption on capital gains for investors that purchase shares of eligible SMEs
- Cost savings for SMEs via special treatment in offerings, disclosure and reporting requirements
- Restricted efforts offering (pending CVM regulation)
- Developing entrepreneurial qualification and SMEs business management programs

Addressing important issues that could foster the long-term development of the Brazilian capital market

Retail investors tax treatment

- BM&FBOVESPA and the Brazilian IRS are developing a proposal to simplify the tax treatment for individual investors in equities market

Fixed income ETFs

- Definition of the tax treatment on fixed income ETFs

Sec. Lending

- Tax treatment clarification on dividends and interest on capital

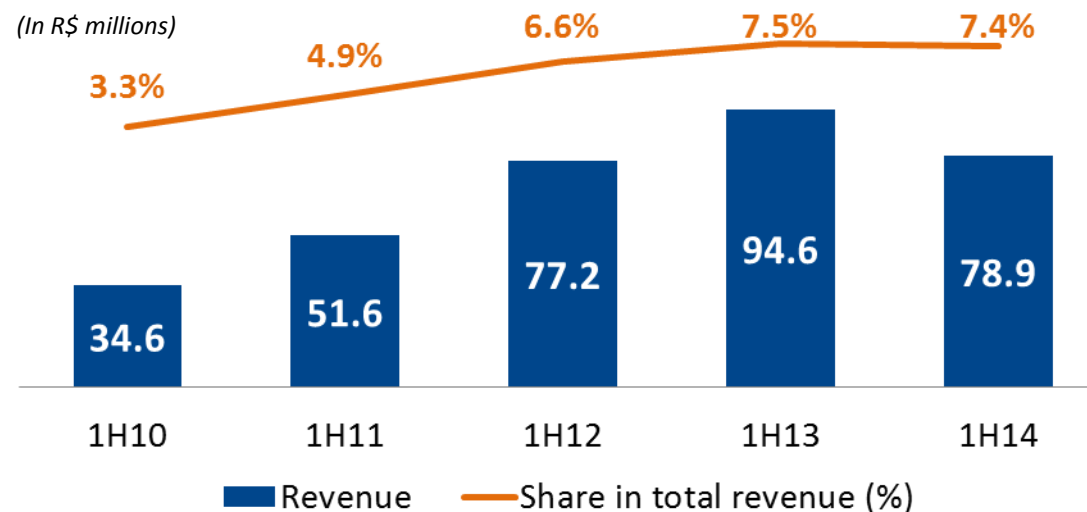
APPENDIX

REVENUE GROWTH OF SELECTED PRODUCTS

Products well received by clients, with continuous developments to maintain growth trend

- Securities Lending
- *Tesouro Direto*
- Market maker for options on single stocks
- Exchange traded funds (ETF)
- Agribusiness credit bills (LCA)
- Real estate investment funds (FII)
- Non sponsored Brazilian Depositary Receipts (BDRs N1 NP)

CAGR
(2010-14):
+22.9%



Financial Statements

Summary of Balance Sheet (Consolidated)

ASSETS

<i>(in R\$ millions)</i>	6/30/2014	12/31/2013
Current assets	2,800.3	4,319.5
Cash and cash equivalents	198.7	1,196.6
Financial investments	2,321.2	2,853.4
Others	280.4	269.5
Non-current assets	21,619.7	21,577.2
Long-term receivables	1,299.5	1,135.4
Financial investments	976.1	820.8
Others	323.4	314.6
Investments	3,176.8	3,346.3
Property and equipment	428.8	423.2
Intangible assets	16,714.6	16,672.3
Goodwill	16,064.3	16,064.3
Total Assets	24,420.0	25,896.7

LIABILITIES AND SHAREHOLDERS' EQUITY

<i>(in R\$ millions)</i>	6/30/2014	12/31/2013
Current liabilities	1,674.8	2,710.8
Collateral for transactions	1,069.2	2,073.0
Others	605.5	637.9
Non-current liabilities	4,092.0	3,886.9
Foreign debt issues	1,340.9	1,426.2
Deferred Inc. Tax and Social Contrib.	2,577.8	2,295.8
Others	173.3	165.0
Shareholders' equity	18,653.2	19,298.9
Capital stock	2,540.2	2,540.2
Capital reserve	15,208.2	16,056.7
Others	890.0	687.3
Minority shareholdings	14.8	14.7
Liabilities and Shareholders' equity	24,420.0	25,896.7

Financial Statements

Net income and adjusted expenses reconciliations

ADJUSTED NET INCOME RECONCILIATION

	2Q14	2Q13	Change 2Q14/2Q13	1Q14	Change 2Q14/1Q14	1H14	1H13	Change 1H14/1H13
Net Income*	250.1	350.8	-28.7%	256.1	-2.4%	506.2	617.8	-18.1%
Stock options plan	7.6	7.8	-3.2%	6.9	10.7%	14.5	15.7	-8.1%
Deferred tax liabilities	138.6	138.9	-0.2%	138.6	0.0%	277.3	277.8	-0.2%
Equity in income of investees (net of taxes)	(39.8)	(46.3)	-14.1%	(44.6)	-10.9%	(84.4)	(78.8)	7.1%
Recoverable taxes paid overseas	16.3	18.3	-11.1%	18.2	-10.9%	34.5	31.6	9.0%
Adjusted Net Income	372.8	469.6	-20.6%	375.3	-0.7%	748.1	864.2	-13.4%

* Attributable to BM&FBOVESPA shareholders.

ADJUSTED EXPENSES RECONCILIATION

	2Q14	2Q13	Change 2Q14/2Q13	1Q14	Change 2Q14/1Q14	1H14	1H13	Change 1H14/1H13
Total Expenses	178.2	176.8	0.8%	186.3	-4.4%	364.5	349.6	4.3%
Depreciation	(28.0)	(28.8)	-2.7%	(29.6)	-5.1%	(57.6)	(55.9)	3.0%
Stock options plan	(7.6)	(7.8)	-3.2%	(6.9)	10.7%	(14.4)	(15.7)	-8.1%
Tax on dividends from the CME Group	(5.3)	(5.1)	3.8%	(5.5)	-4.6%	(10.8)	(9.7)	11.5%
Provisions	(3.2)	(1.9)	67.5%	(7.9)	-59.9%	(11.1)	(11.2)	-0.9%
Adjusted Expenses	134.1	133.2	0.7%	136.5	-1.7%	270.6	257.1	5.2%

SUMMARY OF INCOME STATEMENT (CONSOLIDATED)

<i>(in R\$ millions)</i>	2Q14	2Q13	Change 2Q14/2Q13	1Q14	Change 2Q14/1Q14	1H14	1H13	Change 1H14/1H13
Net revenues	464.8	599.8	-22.5%	489.7	-5.1%	954.5	1,120.8	-14.8%
Expenses	(178.2)	(176.8)	0.8%	(186.3)	-4.4%	(364.5)	(349.6)	4.3%
Operating income	286.6	423.0	-32.3%	303.4	-5.5%	589.9	771.2	-23.5%
Operating margin	61.7%	70.5%	-887 bps	61.9%	-29 bps	61.8%	68.8%	-700 bps
Equity in income of investees	45.0	51.4	-12.3%	50.2	-10.2%	95.2	88.5	7.6%
Financial result	59.5	43.1	38.2%	48.0	24.0%	107.6	80.2	34.1%
Net income*	250.1	350.8	-28.7%	256.1	-2.4%	506.2	617.8	-18.1%
Adjusted net income	372.8	469.6	-20.6%	375.3	-0.7%	748.1	864.2	-13.4%
Adjusted EPS (in R\$)	0.203	0.244	-16.8%	0.203	0.2%	0.406	0.449	-9.5%
Adjusted expenses	(134.1)	(133.2)	0.7%	(136.5)	-1.7%	(270.6)	(257.1)	5.2%

* Attributable to BM&FBOVESPA shareholders.



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