

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

*The Brazilian Securities, Commodities and Futures Exchange*

# FINANCIAL STATEMENTS 2015

**BM&FBOVESPA**

*A Nova Bolsa*



Dear Shareholders,

We are pleased to submit for your consideration the Management Report of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros (“BM&FBOVESPA”, “Exchange” or “Company”) relating to our activities in 2015.

## HIGHLIGHTS OF THE YEAR

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Throughout 2015, the markets operated by BM&FBOVESPA were significantly affected by the deterioration in the Brazilian economy and by changes in the global situation. Increased volatility in the market and a sharp devaluation of the Brazilian *Real* against the US Dollar had a positive effect on revenues from the BM&F segment. In the Bovespa segment, however, we saw a major fall in the market value of listed companies and, in consequence, in volumes traded.

Other revenues not related to volumes in the equities and derivatives markets also increased during the year, mainly reflecting changes in the Company’s commercial policies, growth in the securities lending market and the Treasury Direct (*Tesouro Direto*) platform, as well as currency devaluation, which had a positive effect on market data revenues.

Thus, in spite of the challenges posed by the macroeconomic scenario, total revenues rose 9.5% over 2014, reflecting the diversification of revenues and the soundness of the Company’s business model.

Although the revenue diversification lessened the impact on our results of the negative feeling of investors towards Brazilian assets, it should be noted that there has been a slowdown in activity in our derivatives and equities markets, in particular since late 2015.

There was a reduced number of share issuance in the capital market, in particular IPOs. Besides there was an increase in the number of companies going private. Although this is part of the life cycle of listed companies, it reduces opportunities for investors who seek diversity in their portfolios.

In this context, BM&FBOVESPA believes that an important element of the process of maintaining a vigorous and internationally competitive capital market is constant improvement in the corporate governance of listed companies. Accordingly, the Company has been working with other bodies and market specialists to introduce a voluntary program aimed at state-owned companies that want to upgrade their corporate governance practices and to receive recognition for it. BM&FBOVESPA also started, at the end of 2015, a discussion process to enhance the rules of the special listing segments (*Novo Mercado*, Levels 1 and 2).

We should also underline other advances in the Company’s strategic objectives, such as its new integrated clearinghouse project (the BM&FBOVESPA Clearinghouse). The technological development of the equities phase was completed in 2015. Additionally, new products were launched and the Company continued its efforts to improve the liquidity of listed products, for example, by expanding market maker programs and promoting the securities lending platform.

BM&FBOVESPA also took steps to improve its own corporate governance, in particular by strengthening the Board of Directors’ advisory committees and arranging a series of meetings of shareholders with the CEO and the Chairman of the Board of Directors, at the time of the General Meeting that elected a renewed Board.

We should also mention two important developments during the year: the sale of 20% of our investment the CME Group shares, to reduce the Company’s balance sheet risk exposure, and our R\$43.6 million investment in the purchase of 8.3% of the *Bolsa de Comercio de Santiago*.

Another important event took place in November 2015, when BM&FBOVESPA presented a proposal to combine its operations with CETIP S.A – Mercados Organizados, in a strategic move to expand and diversify business. Those discussions are ongoing at the Board of Directors level (see material facts of November 3 and 13 and December 4, 2015).

Finally, the poor performance of the Bovespa segment, especially during the last quarter of the year, and the revision of growth forecasts, led to the impairment of Bovespa Holding totaling R\$1.7 billion, which had no cash impact, but negatively impacted Company’s results.

To sum up, BM&FBOVESPA continues well positioned to take advantage of market growth opportunities, but we must recognize the challenges implicit in the worsening of the macroeconomic scenario. Management remains focused on investing in new products and technologies, which we believe have been fundamental for improving the quality of the services we offer and diversifying revenues over recent years.

## OPERATING PERFORMANCE

### Financial and Commodity Derivatives (“BM&F Segment”)

The average daily volume on the BM&F segment reached R\$2.9 million contracts in 2015, an increase of 10.7% over the previous year, especially due to Interest rate in USD contracts and Mini contracts, which rose by 31.7% and 67.5%, respectively.

The performance of the Interest rate in USD contracts mainly reflects the higher level of volatility. In the case of Mini contracts, which include stock indices contracts (70.1% of the total) and FX rates contracts (29.9% of the total), growth in volume was due to not just increased volatility but also to the activities of new clients.

The volume of Interest rate in BRL contracts, which are the ones most traded in this segment, grew by 2.9% over 2014, below the segment average, so that their share of total volume fell from 54.9% in 2014 to 51% in 2015.

#### Average Daily Volume (thousands of contracts)

	2011	2012	2013	2014	2015	CAGR (2011-15)	Var. 2015/2014
Interest Rates in BRL	1,797.2	1,925.7	1,856.7	1,417.4	1,458.4	-5.1%	2.9%
FX Rates	495.5	493.9	494.1	493.9	463.9	-1.6%	-6.1%
Stock Indices	123.3	143.1	113.6	118.6	100.9	-4.9%	-15.0%
Interest Rates in USD	145.2	149.8	155.9	219.6	289.2	18.8%	31.7%
Commodities	13.2	11.2	9.2	10.2	7.6	-12.9%	-25.3%
Minicontracts	114.4	165.7	208.2	310.6	520.3	46.0%	67.5%
OTC	11.7	9.2	10.1	12.4	19.6	13.7%	57.3%
<b>TOTAL</b>	<b>2,700.6</b>	<b>2,898.7</b>	<b>2,847.8</b>	<b>2,582.8</b>	<b>2,860.0</b>	<b>1.4%</b>	<b>10.7%</b>

Average revenue per contract (RPC) was higher in every group of contracts, and considering all groups together the rise was 12.3% over 2014. The key factors contributing to this performance were:

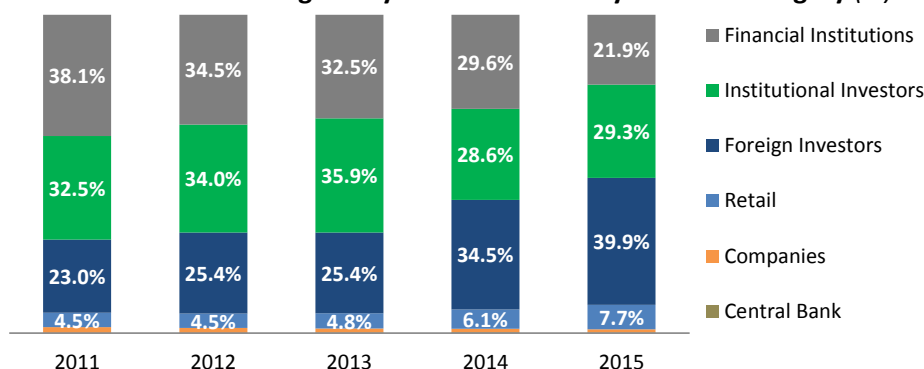
- An increase in RPC for contracts denominated in US Dollars, due to the 28.9% devaluation of the Real<sup>1</sup>, reflected particularly in the RPC of FX Rates contracts (+37.6%) and of Interest Rate in USD contracts (+42.2%); and
- A change in the commercial policy for investors using DMA (Direct Market Access) tools, which came into effect in January 2015.

#### Average RPC (R\$)

	2011	2012	2013	2014	2015	Var. 2015/2014
Interest Rates in BRL	0.918	1.004	1.046	1.120	1.150	2.7%
FX Rates	1.894	2.205	2.535	2.669	3.671	37.6%
Stock Indices	1.614	1.524	1.761	1.774	2.128	19.9%
Interest Rates in USD	0.941	1.015	1.231	1.294	1.840	42.2%
Commodities	2.029	2.239	2.534	2.390	2.530	5.9%
Minicontracts	0.129	0.116	0.119	0.117	0.218	86.2%
OTC	1.635	1.769	1.409	2.092	3.925	87.6%
<b>OVERALL AVERAGE</b>	<b>1.106</b>	<b>1.191</b>	<b>1.282</b>	<b>1.350</b>	<b>1.516</b>	<b>12.3%</b>

With regard to the participation of different groups of investors in the financial derivatives and commodities markets, foreigners boosted the average volume of contracts traded in 2015 by 32.7%, with their share in the total going up from 34.5% to 39.9% during the year. This was due primarily to increased activity on High-Frequency Traders (“HFTs”). The share of institutional investors rose from 28.6% in 2014 to 29.3% in 2015, as a result of a 17.7% increase in the average volume of contracts traded. On the other hand, the volume traded by financial institutions fell 15.0%, and their share in the total was down from 29.6% to 21.9% in the year. This was due to the fact that some of these institutions have been reducing their exposure to risk in recent years.

<sup>1</sup>Based on the variation in the PTAX average closing at the end of each month between December 2013 and November 2014 (the base rate for 2014) and between December 2014 and November 2015 (the base rate for 2015).

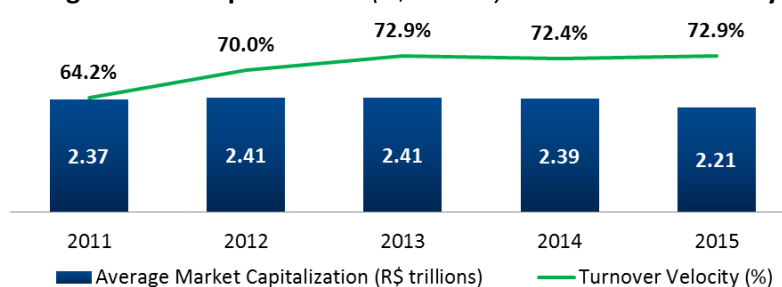
**Distribution of Average Daily Volume Traded by Investor Category (%)**

**Equities and Equity Derivatives (“Bovespa Segment”)**

The average daily trading value in cash equities and equities derivatives (options and forwards) in the Bovespa segment was R\$6.8 billion in 2015, 6.9% below the previous year, due mainly to the lower cash market volumes which make up 96.5% of the total traded in this segment.

**Average Daily Trading Value (R\$ million)**

Markets	2011	2012	2013	2014	2015	CAGR 2011-2015	Var. 2015/2014
Cash	6,096.3	6,861.3	7,094.5	6,975.8	6,552.1	1.8%	-6.1%
Forward	118.0	103.4	91.5	82.4	66.5	-13.3%	-19.2%
Options	276.3	280.1	230.3	233.1	170.3	-11.4%	-27.0%
<b>Total</b>	<b>6,491.6</b>	<b>7,250.7</b>	<b>7,417.7</b>	<b>7,292.5</b>	<b>6,792.8</b>	<b>1.1%</b>	<b>-6.9%</b>

The 6.1% fall in the average daily trading value of the cash market was primarily due to a 7.5% reduction in average market capitalization<sup>2</sup>, which was down from R\$2.39 trillion in 2014 to R\$2.21 trillion in 2015, while turnover velocity<sup>3</sup> remained practically unchanged (72.4% in 2014 against 72.9% in 2015).

**Average Market Capitalization (R\$ trillion) and Turnover Velocity (%)**


Average market capitalization fell in practically every sector, as a result of the domestic and international scenarios and the drop in global commodities prices. The largest fall in market capitalization was in the Oil, Gas and Biofuels sector, which was 36.1% lower than in the previous year, while for the ten largest Brazilian listed companies<sup>4</sup> the decrease was 11.2% in the same period.

<sup>2</sup> Market capitalization is the multiplication of the number of shares issued by listed companies, by their respective market prices.

<sup>3</sup> Turnover velocity is the result of dividing the annualized value traded on the cash market during the period, by the average market capitalization for the same period.

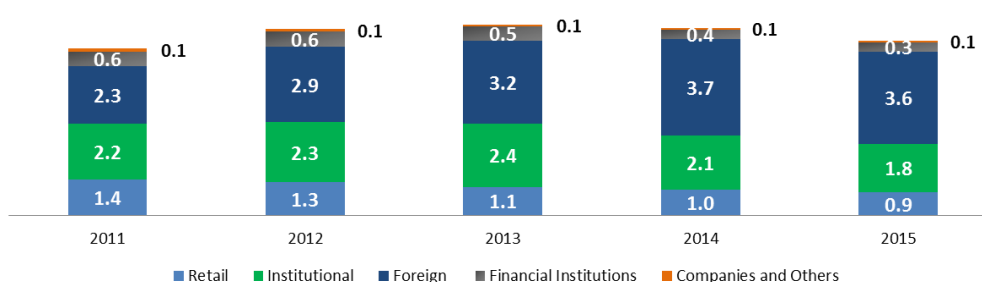
<sup>4</sup> Consisting of Ambev, Itaú Unibanco, Bradesco, Petrobras, Cielo, Vale, Santander Brasil, Telefônica Brasil, BB Seguridade and BRF.

**Average Market Capitalization by Sector (R\$ billion)**

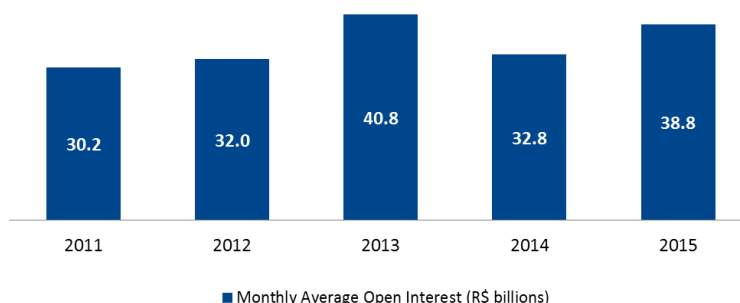
Industry Classification	2014	Total Part. (%) 2014	2015	Total Part. (%) 2015	Var. 2015/2014
Financial	777.6	32.5%	771.7	34.8%	-0.8%
Consumption	645.9	27.0%	667.6	30.1%	3.4%
Basic Materials	264.2	11.0%	209.3	9.4%	-20.8%
Utilities	207.4	8.7%	194.6	8.8%	-6.2%
Oil, Gas and Biofuels	215.8	9.0%	137.8	6.2%	-36.1%
Telecommunications	111.4	4.7%	91.0	4.1%	-18.3%
Construction and Transportation	98.6	4.1%	73.3	3.3%	-25.6%
Others*	69.9	2.9%	70.0	3.2%	0.2%
<b>Total</b>	<b>2,390.7</b>		<b>2,215.4</b>		<b>-7.3%</b>

Trading margins in this segment remained stable, at 5.287 basis points in 2014 compared to 5.275 basis points in 2015.

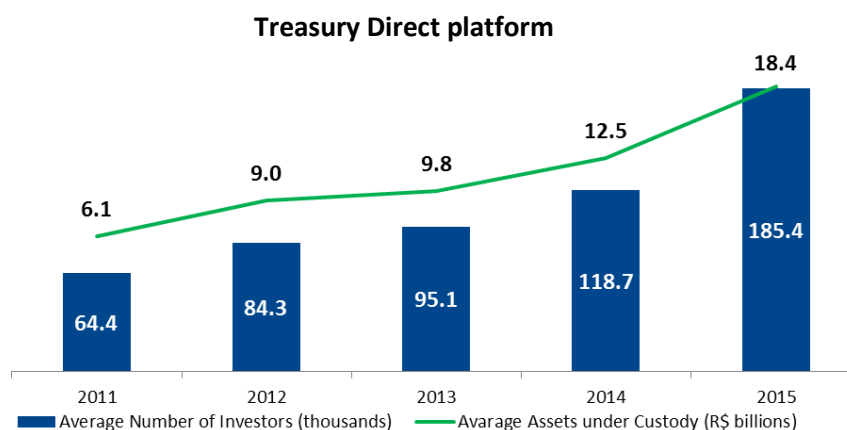
Among investor groups on the Bovespa segment, foreign investors continued to account for the largest share, with 52.8% of the overall value traded, followed by local institutional investors with 27.2%. In comparison with the previous year, lower trading volumes were seen in every investors group, especially local institutional investors, whose volumes were down by 12.5%. The increase in domestic interest rates (by 425 basis points between December 2014 and December 2015) was an important factor in the behavior of investors in the equities market.

**Distribution of Average Daily Traded Value by Investor Category (R\$ billion)**

**Other business lines**
**Securities Lending**

The average financial value of open positions in the securities lending facility reached R\$38.8 billion in 2015, 18.3% higher than in 2014. Securities lending is used by investors who take loans as part of their strategy in the equities market, and by investors seeking additional income as lenders.

**Securities lending transactions (BTC)**

**Treasury Direct (Tesouro Direto)**

*Tesouro Direto* continues its strong upward trend. Average registered stock rose to R\$18.4 billion in 2015, 46.8% more than in the previous year, while the average number of investors increased by 56.2%, from 118.7 thousand in 2014 to 185.4 thousand (the actual number of investors in December 2015 was 248.7 thousand). Designed in partnership with the Brazilian Treasury, *Tesouro Direto* continues to be promoted by BM&FBOVESPA through incentive programs in the distribution channel and operating enhancements.



## ECONOMIC AND FINANCIAL PERFORMANCE

### Revenues

BM&FBOVESPA ended 2015 with total revenues (before deducting PIS/COFINS and ISS) of R\$2,458.8 million, an increase of 9.5% over 2014. Increased revenues explain this performance from the BM&F segment and from other business lines not tied to volume.

- **Revenues from trading, clearing and settlement - BM&F segment:** amounted to R\$1,074.5 million (43.7% of the total), up by 24.0% over 2014, as a result of an increase of 10.7% in the average daily volume coupled with a 12.3% increase in average RPC.
- **Revenues from trading, clearing and settlement - Bovespa segment:** totaled R\$903 million in 2015 (36.7% of the total), 7.6% lower than in 2014, reflecting a 6.9% drop in the average daily traded value and the decrease in the representativeness of the equities derivatives share over the total of the segment.
- **Other revenues:** amounted to R\$481.3 million (19.6% of the total), up 19.6% over 2014. The main changes in these revenue lines that are not tied to trading volumes were:
  - **Securities Lending:** amounted to R\$103.2 million (4.2% of total), 27.1% higher than in 2014, resulting from an increase of 18.3% in the average value of open interest positions, coupled with a change in the commercial policies for some groups of clients in January 2015.
  - **Depositary:** totaled R\$130.8 million in 2015 (5.3% of the total), an increase of 11.7% compared to 2014, due mainly to the growth of 20.3% in revenues from *Tesouro Direto*, which reached R\$34.7 million in 2015, and to changes in the commercial policies adopted by the depositary as from April 2015.
  - **Market data sales (Vendors):** revenues from the sale of data signals amounted to R\$98.4 million (4.0% of total revenues), 40.6% up on the previous year. This result reflects the introduction in July 2015 of a new commercial policy and the devaluation of the Real against the US Dollar, since 62% of these revenues were denominated in US currency.

### Expenses

Expenses amounted to R\$850.7 million in 2015, 5.8% higher than in the previous year, and significantly below inflation of 10.7%<sup>5</sup> for the period. The main highlights were:

- **Personnel and payroll related charges:** amounted to R\$443.0 million, an increase of 25.0% over the previous year, mainly due to the impact of approximately 9% adjustment under the annual collective bargaining agreement, which came into force in August 2015, and to the adoption of a stock grant in 2015 as a long-term incentive. The costs of the stock grant amounted to R\$99.0 million in 2015, and include: (i) recurring expenses of R\$40.3 million referring to the principal amount granted to the beneficiaries, and R\$26.4 million in provisions for payroll charges to be paid upon the delivery of the shares to the beneficiaries; and (ii) non-recurring expenses of R\$32.2 million related to the cancellation of the stock option plan, as detailed in the Notice to the Market of February 4, 2015. Excluding the

<sup>5</sup> Source: IBGE – 2015: aggregate IPCA for 12 months - <http://www.ibge.gov.br/>



effect of the long-term incentive program of 2014 and 2015, personnel and payroll related charges would have grown 5.7% during the year, reflecting the efforts of the Company to reduce the headcount.

- **Data processing:** totaled R\$122.0 million, a slight fall of 1.8% over 2014.
- **Third party services:** amounted to R\$41.1 million in 2015, up 3.2% on the previous year, reflecting an increase in expenditure on advisory services and legal fees for the development of projects and products.
- **Communications:** totaled R\$5.7 million, a decrease of 57.0% in relation to 2014 due to changes and savings in the process of posting custody statements and trading notices to investors.
- **Taxes:** amounted to R\$8.2 million, 85.2% less than in the previous year, due to a change in accounting of taxes on dividends received from the CME Group, which now affect the calculation base for the Company's income and social contribution taxes.
- **Others:** other expenses amounted to R\$84.5 million, an increase of 28.6% over 2014, due to: i) a rise in electricity charges; ii) a R\$3.6 million increase in provisions; and iii) a non-recurring investment write-off of R\$6.4 million in 3Q15.

### Impairment of assets

The goodwill created on the acquisition of Bovespa Holding in 2008 is based on both expectation of future profitability and economic and financial appraisal report of the investment. As mentioned in the economic and financial valuation report on the investment issued by an external and independent specialist, an impairment was recognized for this intangible asset in the amount of R\$1.7 billion, without cash effects, reflecting the deterioration of the macroeconomic scenario, which impacted the Bovespa Segment, through the lower market value of the listed companies and consequently the lower average daily trading value, notably in 4Q15. As result, and also associated to the worse expectation for the interest rates and country risk for the short and long-term, was accounted a reduction in the Bovespa Segment expected future profitability.

### Equity in Results of Investees

The equity-method investment in the CME Group amounted to R\$136.2 million in 2015. The comparison with 2014 is affected by two changes: (i) starting January 2015, this line is now calculated based on after-tax results of the CME Group (up to 2014 the calculation was based on pre-tax results); and (ii) due to the discontinuity of the equity method (see the next item), equity income results were only booked up to September 14, 2015 (the settlement date of payment of the shares sale).

### Extraordinary impacts related to the CME Group

The 2015 financial statements were impacted by the divestment, on September 9, of 20% of the shares held by BM&FBOVESPA in the CME Group (to 4% from 5% of the US exchange capital stock), which combined with other quantitative and qualitative aspects led to the discontinuity of the equity method of accounting for the investment in the CME Group.

#### Result of divestment of the CME Group shares

Proceeds of the sale amounted to R\$1,201.3 million, and had a positive effect on the Company's cash balance. The gross profit on this transaction (Gain on disposal of investment in associates) was R\$724.0 million and was included in the Company's tax base, which totaled R\$249.8 million, generating a net profit of R\$474.2 million.

#### Discontinuity of equity method of accounting

The Company no longer recognizes the investment in the CME Group by the equity method of accounting, and now treats it as a financial asset available for sale (see Note 7). The impacts on the financial statements are:

- **Balance sheet:** i) the investment ceases to be treated as a non-current asset (investments – interest in associate) and is now treated as a financial asset available for sale in current assets (financial investments); ii) it is now measured at fair value (marked to market), with variations in the measurement affecting shareholders' equity; and iii) the account "deferred income tax and social contribution" in non-current liabilities now includes a provision for tax on potential gains on this investment.
- **Income statement:** i) recognition of the result of discontinuing the equity method and of deferred tax, amounting to R\$1,734.9 million and R\$604.4 million, respectively, both with no cash impact; and ii) as from 4Q15 the equity

pickup line no longer includes the CME Group, and dividends received are booked as financial revenues and included in the Company's tax base.

It is worth noting that the reduction of the shareholding and the discontinuity of the equity method does not imply changes in the fundamental aspects of the strategic partnership between BM&FBOVESPA and the CME Group.

### Financial Result

The financial result was R\$508.8 million in 2015, a rise of 144.4% over the previous year. Financial revenues grew by 106.1% to R\$745.7 million, mainly reflecting i) an increase in interest rates and average cash holdings during the year; and ii) dividends received from the CME Group amounting to R\$173.4 million which, after the discontinuity of equity accounting, were booked as financial revenues. On the other hand, financial expenses increased 54.2% to R\$236.9 million, due to the appreciation of the US Dollar against the Brazilian Real during the year, which affected the amount of interest paid on debt issued overseas. The currency variation also impacted other asset and liability lines in the balance sheet, as well as the Company's financial revenues and expenses, but this did not significantly affect the financial result.

(R\$ millions)	2015	2014	Change 2015/2014
<b>Financial Income</b>	<b>745.7</b>	<b>361.8</b>	<b>106.1%</b>
Interest on cash	471.6	320.7	47.1%
Dividends CME and BCS	174.8	0.0	0.0%
Exchange gains and others	99.4	41.1	141.8%
<b>Financial Expenses</b>	<b>(236.9)</b>	<b>(153.6)</b>	<b>54.2%</b>
Interest and exchange variations on foreign debt	(138.1)	(96.9)	42.4%
Exchange losses and others	(98.8)	(56.7)	74.4%

### Income Tax and Social Contribution

Income tax and social contribution amounted to R\$603.8 million in 2015, down by 8.7% over 2014. This is explained mainly by the extraordinary effects of the partial divestment of the CME Group, by tax credits arising from the distribution of interest on capital and by the impairment of intangible assets.

#### Current taxes:

Current taxes totaled R\$45.6 million in 2015, including R\$5.8 million in tax paid by Banco BM&FBOVESPA, with cash impact. The difference will be set off against tax withheld overseas, with no cash impact.

We should mention that the tax payable on the result of the partial divestment of CME Group shares, amounting to R\$249.8 million, was offset by the distribution of interest on capital in 2015, and therefore had no effect on cash.

#### Deferred taxes:

Deferred taxes amounted to R\$558.2 million in 2015, consisting of:

- Reversal of deferred tax liability in the amount of R\$ 15.2 million (positive), calculated as the net result between R\$550.1 million of deferred tax under temporary differences on goodwill amortization and write-off of deferred tax liability amounting R\$565.3 million arising from the impairment on the goodwill, both with no cash impact;
- Discontinuity of the equity accounting method, amounting to R\$604.4 million related to the recognition of deferred tax, with no cash impact; and
- Reversals/recording of other tax credits of R\$31.0 million (positive), with no cash impact.

### Net Income

Net income (attributable to shareholders) amounted to R\$2,202.2 million. Excluding impairment expenses and the extraordinary impacts related to the CME Group, net income was R\$1,695.0 million, up by 73.5% over 2014, being this growth partly explained by the reduction of the tax base generated by the distribution of IoC in 2015.



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## MAIN ITEMS OF THE CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2015

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### Asset, Liability and Shareholders' Equity Accounts

In 2015, BM&FBOVESPA's equity position remained sound, with total assets of R\$26,308.9 million, a rise of 4.1% on 2014, and shareholders' equity of R\$18,352.2 million, 3.4% down year on year.

The major changes in assets, in comparison with 2014, reflect the extraordinary effects of the partial divestment of the CME Group and the impairment of intangible assets.

The proceeds of the partial sale of CME Group shares have been placed in financial investments, and, with equity accounting being discontinued, the value of the remaining portion of this investment has been reclassified from investment in associates to financial investments.

Intangible assets consist mainly of goodwill on expectations of future profitability from the acquisition of Bovespa Holding. This goodwill was tested for impairment in December 2015 and an appraisal report prepared by an external and independent expert identified the need to reduce the recoverable value of this asset by R\$1.7 billion, due to lower expectations for future profitability in the Bovespa segment.

Current liabilities represented 8.0% of total of liabilities and shareholders' equity, reaching R\$2,096.8 million in 2015, 10.8% above the balance at the end of 2014; whereas non-current liabilities accounted for 22.3% of total liabilities and shareholders' equity, at R\$5,859.9 million, a 33.7% increase over 2014. The more significant variations were in the following lines: (i) issue of debt overseas, which was affected by the devaluation of the Real against the US Dollar; and (ii) deferred income tax and social contribution, which in addition to the establishment of deferred tax arising from the tax amortization of goodwill, was also impacted by the discontinuity of equity accounting for the CME Group.

Shareholders' equity amounted to R\$18,352.2 million at the end of 2015 and consists, mainly, of a capital reserve of R\$14,300.3 million, capital stock of R\$2,540.2 million and revenue reserves of R\$1,951.0 million.

### OTHER FINANCIAL INFORMATION

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#### Investments

Investments of R\$227.0 million were capitalized in 2015, including R\$221.4 million in technology and infrastructure, particularly in the equities phase of the new BM&FBOVESPA Clearinghouse.

#### Budget for adjusted expenses and investments in 2016

In December 2015, the Company announced its budget for adjusted operating expenses<sup>6</sup> and investments in 2016, as follows: (i) adjusted operating expenses budget guidance within a range of R\$640 million to R\$670 million; and (ii) investments budget guidance within a range of R\$200 million to R\$230 million.

#### Distribution of Earnings

The Board of Directors declared a payment of R\$1,242.6 million in dividends and interest on capital in 2015, bringing the distribution to a 73.3% of the net income attributed to BM&FBOVESPA shareholders, excluding impairment expenses and impacts related to the CME Group.

#### Share Buyback Program

In 2015, the Company repurchased 26.2 million of its own shares (equivalent to 1.5% of the shares in free-float at the beginning of the year) at an average price of R\$10.95, for a total of R\$286.8 million. These transactions are part of the repurchase program approved by the Board of Directors that was in force up to the end of December 2015, authorizing the acquisition of up to 60 million shares. In addition, on December 2015, the Company approved a new repurchase program for up to 40 million shares (2.2% of the total free-float) for 2016.

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<sup>6</sup> Adjusted for depreciation and amortization, the stock grant plan (principal and costs), the stock option plan and allocation of fines and provisions.

## OTHER HIGHLIGHTS

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### Development of Markets and Technology

**Integration of the Clearinghouses:** the second phase of the new BM&FBOVESPA integrated Clearinghouse, which covers the integration of the post-trading processes for equities and corporate fixed income with the derivatives market introduced in the first phase, made good progress throughout 2015. The technological development was completed in 4Q15 and the integrated tests and certification with the market participants already started. The integrated tests will continue in 2016 followed by the parallel production, which replicates in the test environment all the transactions executed in the production environment. The final migration date will depend on the results of those tests, as well as on authorization from the regulators. The new BM&FBOVESPA Clearinghouse will bring greater efficiency in capital allocation for collaterals related to multimarket and multi-asset portfolios, increasing Company's competitive advantages.

**iBalcão Platform development:** during 2015, the Company introduced a number of new functions in the fixed income registration system, such as 'scalable yield' and 'cash flow'. In addition, Financial Bills (*Letras Financeiras*) and Structured Notes (*Certificado de Operações Estruturadas – "COEs"*) are now accepted for registration. In the case of OTC derivatives, the Company made progress with the migration from the existing platform to a more modern and flexible registration platform, expanding the range of products offered, which may be with or without a central counterparty.

**Enhancements in commercial policies:** throughout 2015, BM&FBOVESPA enhanced its commercial policies for the following products and services: (i) in 1Q15, access via DMA in the BM&F segment, options on Ibovespa future contracts, securities lending, annuity payments by issuers and analysis of tender offers and equity offers; (ii) in 2Q15, a rebalancing of prices charged on Interest rates in BRL contracts, depository service and Mini futures contracts; and (iii) in 3Q15, Market Data and OTC derivatives.

**Market makers:** in order to improve the liquidity of listed products, BM&FBOVESPA continued expanding market maker programs. In the markets of options on stocks, ETFs and indices, the number of programs went up from 14 at the end of 2014 to 27 at the end of 2015. In the financial derivatives and commodities market, where these programs are more recent, there are now 8 active programs, 7 of which were introduced in 2015.

**Improvements to the Treasury Direct Platform (*Tesouro Direto*):** in March 2015, BM&FBOVESPA introduced a series of improvements to the *Tesouro Direto*, the most important being: (i) a new visual identity for the *Tesouro Direto* website, making it easier to use and introducing more functions; (ii) reductions in the minimum purchase amounts and periods of suspension for investors; (iii) daily repurchase of securities by the National Treasury; and (iv) use of *Tesouro Direto* securities as collateral in the BM&FBOVESPA Clearinghouses.

**Investment in the Santiago Stock Exchange:** in the first half of 2015, BM&FBOVESPA acquired 8.3% of the Bolsa de Comercio de Santiago (Santiago Stock Exchange), in Chile, with an investment of R\$43.6 million. This transaction forms part of the Company's strategy to take advantage of opportunities for partnerships with other exchanges, and to invest in opportunities for expanding activities in neighboring countries.

**Corporate Governance Program for State-Owned Companies:** at the end of September, BM&FBOVESPA presented its State-Owned Companies Governance program. The program aims to recognize and give marks for good corporate governance practices in state-owned companies that are listed or seeking a listing, on three fronts: transparency, internal controls and management structure.

**Enhancements in the unsponsored Brazilian Depository Receipts (BDRs) market:** during 2015 there were several deliveries in the development of the unsponsored BDR market. Among them were the start of trading of 19 new programs (raising the total to 85), including the first BDR of a Latin American company, and a filing for reservation of other 39 programs, due to start trading in 2016. In addition, the new ICVM 555 regulation came into force, thanks to a request by the Company and the market, allowing retail investors to acquire BDRs through investment funds.

## CORPORATE GOVERNANCE AND RISK MANAGEMENT

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The key objective of BM&FBOVESPA's corporate governance is to contribute on the achievements of strategic goals and to create value for all shareholders, respecting its relationships with stakeholders.

The importance of good governance practices for the long-term success of BM&FBOVESPA is underlined by its widespread ownership structure, with no controlling shareholder, and by its institutional responsibility to develop the markets it manages.

Among the key highlights of the Company's governance structure are listings on the *Novo Mercado*, having a Board of Directors consisting mainly of independent members, in accordance with CVM Instruction 461/07, and the existence of four permanent Board advisory committees, in particular the Audit Committee, set up as required by CVM Instruction 509/11, and the Risk and Finance Committee, whose responsibilities, apart from those provided for under the by-laws, include assessing the risks to which the Company is exposed.

In 2015, BM&FBOVESPA was awarded the Transparency Award for the seventh time. This award is given by Anefac (the National Association of Finance, Administration and Accounting Executives).

### Internal Audit

The mission of the BM&FBOVESPA internal audit is to give the Board of Directors, the Audit Committee and the Executive Board an independent, impartial and timely assessments of the efficacy of risk management and governance processes, of the adequacy of controls and of compliance with rules and regulations relating to the operations of the Company and its subsidiaries.

Aligned with the best international practices and BM&FBOVESPA's own sound risk management structure, in 2015, Internal Audit applied for certification by the Brazilian Institute of Internal Auditors (IIA Brazil). This certificate is granted when the internal audit function is based on a Code of Ethics, regulations, planning, policies and procedures that meet the requirements of the Standards and Code of Ethics of The Institute of Internal Auditors (IIA).

At the end of 2015, IIA Brasil granted BM&FBOVESPA its certificate of Internal Audit Quality, which recognizes companies adopting the best practices and the highest international standards of internal auditing.

### Internal Controls, Compliance and Corporate Risk

BM&FBOVESPA uses the model of three lines of defense to manage its risks and controls. Under this model, the first line, which minimizes risks and controls, is the business area itself. The second line of defense includes risk management and compliance functions and is operated by an area other than business area; and the third line is internal audit.

The department of Internal Controls, Compliance & Corporate Risk., which reports directly to the CEO, functions as the second line of defense and provides information to assist the work of the Audit Committee and the Risks and Finance Committee. Its key responsibilities are:

- Corporate Processes and Risks: to set up a comprehensive structure to implement and support the constant development of the organization's processes, to provide mechanisms to manage the process portfolio, to carry out constant maintenance and enhancement, and to identify, assess and monitor corporate risks and propose measures to contain them;
- Internal controls: to assess the Company's control environment on a regular basis;
- Compliance: to assist in fulfilling, complying with and applying internal and external regulations governing the Company's activities.
- Business continuity: to identify and assess the legal and regulatory requirements for business continuity, and the internal and external threats that may jeopardize the future of the Company's operations; to set up a management and crisis response structure, provide training and carry out tests and studies to ensure that continuity plans are maintained and function properly.
- Financial risks and modeling: to validate the parameters and methods designed by the operating areas for handling central counterparty and financial risks.
- Information security: to plan and structure strategies and actions to be taken in order to prevent the loss of Company information and to protect it.

### Central Counterparty Risk – Risk Management

BM&FBOVESPA operates four clearinghouses: (i) Equities and Corporate Debt Securities, (ii) Derivatives, (iii) Currency and (iv) Securities. These clearinghouses are classified as systemically important by the Central Bank of Brazil, and act as central counterparties ("CCPs") to guarantee the functioning of their markets.

As of December 31, 2015, collateral deposited by participants totaled R\$305.2 billion, 26.1% higher than the total deposited at the end of 2014. This increase was principally due to an increase in the volume of collateral deposited in the derivatives clearinghouse, where there were higher outstanding positions in FX rates and Interest rates in USD contracts and Mini contracts.

#### Collateral Deposited

Clearing houses	December 31, 2015	December 31, 2014	Variation
	In R\$ millions	In R\$ millions	(%)
Equities, corporate debt securities	69,484.6	70,504.3	-1.4%
Derivatives	226,577.6	166,213.9	36.3%
Forex	8,819.8	4,855.4	81.7%
Bonds	280.2	505.6	-44.6%
<b>Total</b>	<b>305,162.3</b>	<b>242,079.2</b>	<b>26.1%</b>

## HUMAN RESOURCES

BM&FBOVESPA has increased its efforts and introduced new initiatives for its Organizational Climate Management and qualification of staff and leaders.

The third edition of the Value Opinion Survey was held in 2015, in partnership with Great Place to Work®, to allow us to analyze the degree of satisfaction and engagement of our staff, and to find out more about their hopes and expectations. 92% of the staff completed the questionnaire, and the results showed substantial improvements in every aspect of the survey, when compared with the last one in 2013.

Another front is the Leaders' Day program, which is a tool to train Company's leaders in people management: Attraction and Integration, Performance and Talent Management, Training and Development, Climate Management, Compensation and Day-to-Day Administration. In 2015, the program was structured on three fronts: Inspiration, Knowledge and Application and Support, with lectures, workshops, a blog and a Manager's Guide to help them as they develop. More than 200 managers attended the program during the year.

Another initiative is the Quality of Life Program, based on the pillars of +Balance, +Health and +Leisure and Culture, which promotes events for the wellbeing of the staff and helps to improve the work environment.

At the end of the 2015 the Company had 1,323 employees.

## SUSTAINABILITY AND SOCIAL INVESTMENT

During 2015, BM&FBOVESPA spread the social and environmental theme within the Company, with the Sustainability Policy approved by the Board of Directors in 2013 as a basis. As part of the agenda of climate change, the Company carried out its sixth Inventory of Greenhouse Gases. Emissions were practically unchanged. In recognition of the Company's efforts to make people aware about climate change, the CDP - Driving Sustainable Economies selected BM&FBOVESPA as one of the ten most transparent Brazilian companies in this area.

In 2015, the Corporate Sustainability Index (ISE) completed its first ten years in operation. A "Platform of Indicators" was launched, with annual information supplied by participant companies.

The fourth annual update of the "Report or Explain Sustainability or Integrated Report" (July 2015), indicated that 72% of the companies listed on the Exchange publish social and environmental information, or explain their reasons for not doing so.

During the year, the Social and Environmental Securities Exchange (BVSA - *Bolsa de Valores Socioambientais*) raised R\$1.7 million for projects by non-governmental organizations throughout Brazil, 172% more than in 2014, reflecting the good results of the partnership entered into with the Brazil Foundation in December 2014.

In sports, the BM&FBOVESPA Athletics Club won the Brazil Trophy for the 14th consecutive year. Fabiana Murer, who competes in the pole vault, was elected the best sportswoman in Brazilian athletics and awarded the Olympic Brazil Prize by the Brazilian Olympics Committee (COB).

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## SELF-REGULATION

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### Regulation of issuers

Under the cooperation agreement with the CVM for monitoring information disclosed by companies listed on BM&FBOVESPA, more than 23 thousand notices were examined and nearly two thousand notifications issued for failure to comply with CVM regulations.

In August 2015, the new Issuers Listing and Admission to Securities Trading Regulations came fully into force. These regulations reformulate the general rules for listing issuers and admitting their securities for trading on BM&FBOVESPA, and also give new requirements for existing listed companies, such as a prohibition of trading in so-called penny stocks.

Progress was also made in projects under the cooperation agreement with the CVM, for designing and maintaining computer systems for preparing, delivering and consulting information, including: (i) migration from the Regular and One-off Reporting System (IPE) to the Empresas.Net System, and the new version of the latter with changes to the Reference Form; and (ii) development of a system for real estate investment funds to publish information, which will come on stream in 2016.

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## EXTERNAL AUDIT

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The Company and its subsidiaries have retained Ernst & Young Auditores Independentes to audit their financial statements.

The Company's policy on retaining external auditing services, and that of its subsidiaries, is based on internationally accepted audit standards that preserve work independence of this nature and consists of the following practices: (i) the auditor cannot perform executive or managerial functions within either the Company or its subsidiaries; (ii) the auditor cannot play an operational role within the Company or its subsidiaries that might compromise the efficacy of the audit work; and (iii) the auditor must remain impartial – avoiding the existence of conflicts of interest and loss of independence – and objective in his opinions and pronouncements about the financial statements.

In the year 2015, no services were provided by the independent auditors or related parties other than those involving external auditing.

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## MANAGEMENT'S REPRESENTATION

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In accordance with the provisions of CVM Instruction No. 480, the Executive Board declares that it has discussed and reviewed, and is in agreement with, the financial statements for the year ended December 31, 2015, and the opinions expressed by the independent auditors.

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## ADDITIONAL INFORMATION

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The focus of this Management Report is the performance of BM&FBOVESPA and its principal achievements during 2015. For more information on the Company and its market, please check the Reference Form, which is available on the BM&FBOVESPA Investor Relations website (<http://ri.bmfbovespa.com.br>) and on the CVM website ([www.cvm.gov.br](http://www.cvm.gov.br)).

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## ACKNOWLEDGMENTS

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Finally, the Company would like to register its thanks to its staff for all their efforts during the year, and to its suppliers and shareholders, financial institutions and other stakeholders for the support they have provided during 2015.