



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

CNPJ no. 09.346.601/0001-25

NIRE 35.300.351.452

Publicly-held Company



CETIP S.A. – Mercados Organizados

CNPJ no. 09.358.105/0001-91

NIRE 33.300.285.601

Publicly-held Company

MATERIAL FACT

COMBINATION OF BM&FBOVESPA – BOLSA DE VALORES, MERCADORIAS E FUTUROS AND CETIP S.A. – MERCADOS ORGANIZADOS

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros and CETIP S.A. – Mercados Organizados announce that on April 8, 2016, they favorably concluded negotiations regarding a combination of the two Companies

BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros (“BM&FBOVESPA”) and CETIP S.A. – Mercados Organizados (“CETIP” and, together with BM&FBOVESPA, the “Companies”), referring to the Material Facts and Notices to the Market released by the Companies with regard to the negotiations, announce that on this day their Boards of Directors have approved the financial terms for the combination of operations of the two Companies (the “Transaction”), terms of which will comprise the Merger and Justification Protocol of CETIP’s shares (“Protocol”) to be signed by both Companies’ Management and serve as guidelines for the proposals that will be submitted to their shareholders for approval in Extraordinary General Meetings.

The Managements and Boards of both Companies emphasize that this combination of talent and strengths will represent an unparalleled milestone in the development of the Brazilian financial and capital markets, giving rise to a world-class market infrastructure company of high systemic importance and prepared to compete in an increasingly sophisticated and challenging global marketplace while enhancing the security, solidity and efficiency of the Brazilian market.

I. Financial terms

Terms approved by the Boards of Directors of the Companies for submission to their respective Extraordinary General Shareholders Meetings:

- (i) The Companies’ shareholders will be asked to approve a corporate reorganization resulting: (a) in ownership by BM&FBOVESPA of all the shares issued by CETIP; and (b) subject to the provisions in the items below, in the receipt of 0.8991 of a share of common stock issued by BM&FBOVESPA for each share of common stock issued by

CETIP (“**Reference Exchange Ratio**”) plus a cash portion in Brazilian currency amounting to thirty reais and seventy-five cents (R\$30.75) (the “**Original Reference Value of the Cash Portion**”), to be paid in a lump sum no later than forty (40) days after all regulatory approvals required by the legislation have been obtained (“**Financial Settlement Date**”);

- (ii) Based on the Reference Exchange Ratio, and without considering the adjustment mechanisms stipulated below, CETIP’s current shareholders will become owners of eleven point eight per cent (11.8%)¹ of BM&FBOVESPA’s equity capital upon completion of the Transaction;
- (iii) The Original Reference Value of the Cash Portion will be subject to adjustment by the variation in the CDI interbank rate (a) between today and the Financial Settlement Date, inclusive, if the call for its General Shareholders Meeting to discuss the Transaction is disclosed by CETIP via CVM’s system by April 15, 2016, so such meeting is held until May 16, 2016 (on first call); or (b) between the date of the General Shareholders Meeting of CETIP that approves the Transaction and the Financial Settlement Date, if the call for the General Shareholders Meeting of CETIP to deliberate on the Transaction is disclosed via CVM’s system after April 15, 2016;
- (iv) The Original Reference Value of the Cash Portion will be reduced in the amount of any dividends, interest on capital and other corporate actions declared and paid by CETIP between November 4, 2015, and the date of computing the shareholder base (ex-date) up to the Financial Settlement Date, inclusive, and deducted, if applicable, by the amount of any withholding tax that may be due solely on the settlement of the cash portion;
- (v) The Reference Exchange Ratio will be adjusted to reflect any dividends, interest on capital and other corporate actions declared and paid by BM&FBOVESPA between November 4, 2015², and the date of computing the shareholder base (ex-date) up to the Financial Settlement Date, inclusive (“**BM&FBOVESPA’s Corporate Actions**”), so that the product of (i) a new exchange ratio (“**Corporate Actions Adjusted Exchange Ratio**”) and (ii) the result of subtracting (a) BM&FBOVESPA’s Corporate Actions from (b) eleven reais and forty cents (R\$11.40) is always kept constant at ten reais and twenty-five cents (R\$10.25);
- (vi) The Reference Exchange Value, the Corporate Actions Adjusted Exchange Ratio and the Original Reference Value of the Cash Portion will be also adjusted for any and all stock splits, reverse stock splits, conversions, repurchases, bonus issuances and stock issuances that may occur in respect to either of the Companies as of today;
- (vii) For the purposes of the reduction in the Original Reference Value of the Cash Portion and the determination of the Corporate Actions Adjusted Exchange Ratio as per items (iv), (v) and (vi) above, the following rules shall be observed: (a) the dividends, interest

¹ Estimated considering that on the date of the Transaction there will be 264,883,610 shares of stock in CETIP (considering a total of 262,978,823 shares, excluding 3,513,011 treasury shares and including 5,417,798 shares deriving from early vesting of stock option plans), and 1,782,094,906 shares of stock in BM&FBOVESPA, (considering a total of 1,815,000,000 shares, less 32,905,094 treasury shares). The percentage of BM&FBOVESPA’s equity to be owned by CETIP’s existing shareholders will depend on the total number of shares in both Companies outstanding on the Financial Settlement Date.

² BM&FBOVESPA declared interest on capital (IoC) of R\$ 0.1765 per share on November 13, 2015, and R\$0.2525 per share on December 10, 2015. CETIP declared corporate actions of R\$0.3326 per share on November 4, 2015, R\$0.0994 per share on December 18, 2015, R\$0.3194 per share on March 2, 2016, and R\$0.0843 per share on March 15, 2016.

on capital and other corporate actions declared and paid between November 4, 2015, and today will be adjusted by the CDI interbank rate variation between the respective payment date and today, inclusive; and (b) the dividends, interest on capital and other corporate actions declared and paid between today and the Financial Settlement Date will be adjusted to present value by the CDI interbank rate variation between the payment date and today;

- (viii) Impact of corporate actions declared by BM&FBOVESPA and by CETIP between November 4, 2015, and today³:

Parameters adjusted to this day						
	Parameters		Adjustments for corporate actions			Parameters
	Reference/ Original	Corporate actions before adj. by CDI	CDI adj.	Adj. corporate actions	Adjustment formula	At this date
Exchange Ratio	0.8991	0.43	0.02	0.45	Adjusted parameter = Original * 11.40/(11.40 – BVMF’s adjusted Corporate actions	0.9358
Value of Cash Portion	30.75	0.84	0.01	0.85	Adjusted parameter = (Reference – CETIP’s adjusted corporate actions	29.90

- (ix) Considering that part of the payment will be made in BM&FBOVESPA’s shares, items (x) through (xiv) below describe additional adjustment mechanisms for the Corporate Actions Adjusted Exchange Rate and the Original Reference Value of the Cash Portion designed to mitigate uncertainty about the value of the Transaction;
- (x) It has been established that the value to be received by CETIP’s shareholders in addition to the Original Reference Value of the Cash Portion will not, in any circumstance, be lower than eleven reais and twenty-five cents (R\$11.25) (“**Minimum Unit Value**”) or higher than seventeen reais and seventy-six cents (R\$17.76) (“**Maximum Unit Value**”);
- (xi) For the purposes of the adjustment mechanisms established in items (xii) through (xiv) below, the value of a share of BM&FBOVESPA common stock will be calculated on the basis of the average price for the thirty (30) trading sessions prior to the date of the last approval of the Transaction by the regulators – the Central Bank of Brazil (BCB), the Brazilian Securities Commission (CVM) and Economic Defense Administrative Council (CADE) – (“**Average Closing Price**”);
- (xii) If the product of the Corporate Actions Adjusted Exchange Ratio times the Average Closing Price per share of BM&FBOVESPA common stock is higher than the Maximum Unit Value, the Original Reference Value of the Cash Portion will be maintained and the Corporate Actions Adjusted Exchange Ratio will be proportionally reduced (“**Reduced Exchange Ratio**”) so that the product of the Reduced Exchange Ratio multiplied by the Average Closing Price is always the Maximum Unit Value;
- (xiii) If the product of the Corporate Actions Adjusted Exchange Ratio, multiplied by the Average Closing Price, is lower than the Minimum Unit Value, the Original Reference Value of the Cash Portion will be raised by an additional cash amount (“**Additional**”

³ For the purpose of this table, the corporate actions declared by CETIP on March 2, 2016 (R\$0.3194 per share) and March 15, 2016 (R\$0.0843 per share) and not yet paid are considered paid at this time. It is also assumed that the ex-date for corporate actions declared on March 2, 2016, will be before the Financial Settlement Date.

Cash Amount”) to be calculated as follows, subject to item (xiv) below: the Additional Cash Amount will correspond to the amount required for the Minimum Unit Value to be obtained by adding (a) the Corporate Actions Adjusted Exchange Ratio multiplied by the Average Closing Price, and (b) the Additional Cash Amount;

- (xiv) The portion paid in Brazilian currency will, under no circumstances, exceed 85% of the total amount due by BM&FBOVESPA in cash and in stocks to CETIP’s shareholders on the Financial Settlement Date. Therefore, if by calculating the Additional Cash Amount and adding it to the Original Reference Value of the Cash Portion adjusted by the corporate actions and the CDI variation in accordance with items (iii), (iv), (vi) and (vii) above, the cash portion corresponds to more than 85% of the total per CETIP’s share, then the Additional Cash Amount will be limited to the amount required to keep the cash portion at the limit of 85% of the total per CETIP’s share. In this case, the Corporate Actions Adjusted Exchange Ratio will be raised, such as, based on the new exchange ratio (“**Augmented Exchange Ratio**”), the result of eleven reais and twenty-five cents (R\$11.25) per share will be reached by adding: (a) the Augmented Exchange Ratio multiplied by the Average Closing Price, and (b) the Additional Cash Amount.

II. Due diligence

A reciprocal confirmatory due diligence has been satisfactorily performed and completed.

III. Governance

Among the proposals that will be submitted to the Extraordinary General Shareholders Meeting of BM&FBOVESPA, is an increase in its Board of Directors from eleven (11) to thirteen (13) members, exceptionally for a maximum period of two (2) years limited to the end of the term of office in progress at the time. The two new Board members will be appointed by CETIP’s Board of Directors, within CETIP’s current executives, and approved by BM&FBOVESPA’s Corporate Governance & Nomination Committee and Board of Directors, once regulatory approval for the Transaction has been obtained from the competent authorities, and submitted to BM&FBOVESPA’s General Shareholders Meeting. The aim of this temporary increase in the number of Board members is to assure better integration and enable BM&FBOVESPA to absorb knowledge about CETIP’s business.

IV. Other conditions

- (i) Conclusion of the Transaction is subject to: (a) discussion and approval of the Protocol by the Board of Directors of the Companies; (b) signature by both Companies’ Management of the Protocol; and (c) approval by each Company’s shareholders of the terms proposed by the respective Boards of Directors. Up to April 15, 2016, each Board of Directors will hold an extraordinary meeting to deliberate on the call for the respective Extraordinary General Shareholders Meetings and approval of the necessary documents for the respective shareholders to examine.
- (ii) Notwithstanding the contents of this Material Fact, the combination of the Companies’ operations is subject to approval by the Central Bank of Brazil (BCB), the Brazilian Securities Commission (CVM), and the Economic Defense Administrative Council (CADE), in their respective areas of competence.

(iii) In the event that the Transaction is not concluded solely because: (a) approval is not granted by the Central Bank of Brazil (BCB), the Brazilian Securities Commission (CVM) or the Economic Defense Administrative Council (CADE); or (b) eighteen (18) months have elapsed since the date of the General Shareholders Meetings that approved the Transaction, without a conclusion of the transaction, except as provided in items (a) and (b) due to a CETIP's failure to fulfill any of the obligations established in the Protocol (and provided that such failure is not remedied by CETIP within sixty (60) days from the date on which CETIP is notified by BM&FBOVESPA); or (c) of a failure of BM&FBOVESPA to fulfill any of the obligations established in the Protocol (and provided that such failure is not remedied by BM&FBOVESPA within sixty (60) days from the date on which BM&FBOVESPA is notified by CETIP), then CETIP will be entitled to receive compensation from BM&FBOVESPA, as payment of pre-fixed damages, in the amount of two hundred and fifty million reais (R\$ 250,000,000), to be paid in a lump sum and in cash in no more than thirty (30) days from CETIP's notification to BM&FBOVESPA to do so, and CETIP will not be entitled to any additional compensation for non-conclusion of the Transaction, pursuant to the Brazilian Civil Code, article 416, sole paragraph. Should any of the aforementioned regulatory authorities impose restrictions on the Transaction provided for in the Protocol or require modifications to any of its terms or conditions, and BM&FBOVESPA, in its sole discretion, decides that such restrictions or alterations are not in its best commercial interests, BM&FBOVESPA may choose not to conclude the Transaction, in which case the payment provisions provided for in this item shall apply.

Additional information will be disclosed to the market individually or jointly in compliance with the applicable legislation.

São Paulo

April 8, 2016

Daniel Sonder

Chief Financial, Corporate Affairs
& Investor Relations Officer
BM&BOVESPA

Willy Jordan

Chief Financial, Corporate Affairs
& Investor Relations Officer
CETIP