

**BM&FBOVESPA**

*The New Exchange*



## New Fee Structure

July/2011



**Aligning with the pricing practices in major international markets and showing that BVMF fees are already pretty competitive**

**Reflect in a better way the Company's cost structure**

Cutting cross subsidies



### New pricing policy for Bovespa Segment

<i>bases point</i>	Current Pricing Policy		New Pricing Policy	
	<i>Lower</i>	<i>Higher</i>	<i>Lower</i>	<i>Higher</i>
Trading	1.90 (76%)	2.85 (83%)	0.70 (28%)	0.70 (20%)
Post trading	0.60 (24%)	0.60 (17%)	1.80 (72%)	2.75 (80%)
<b>Total</b>	<b>2.50 (100%)</b>	<b>3.45 (100%)</b>	<b>2.50 (100%)</b>	<b>3.45 (100%)</b>



***The fees rebalancing has neutral effect on investors costs***

Note: the lower fee is paid by local institutional and investment clubs and day trades transaction, in this case for all investors.

# Competitive Prices

## Bovespa Segment

(Simulating Stock price at US\$28.00)

		Lower Fee (Exchange)		Higher Fee (Exchange)		
		Bps	Cents of US\$	Bps	Cents of US\$	
Trading fee		0.70	0.196	0.70	0.196	
Settlement fee		1.80	0.504	2.75	0.770	
BVMF total cost		2.50	0.700	3.45	0.966	
+		(a) Broker fee	1.50	0.420	1.50	0.420
		(b) Broker fee	5.00	1.400	5.00	1.400
		(c) Broker fee	10.00	2.800	10.00	2.800
=		(a) All-in cost	4.00	1.120	4.95	1.386
		(b) All-in cost	7.50	2.100	8.45	2.366
		(c) All-in cost	12.50	3.500	13.45	3.766

***In the USA, the average daily trading cost for an institutional investor could fluctuate from US\$0.02 to US\$0.04 per share, in line with the Brazilian market***

Note: the minimum fee is paid for a local investment clubs and day trading (in this case, for all type of investors)

# Fees in other Cash Market

## Trading cost for retail investors: Brazil vs. USA

### All-in cost for retail online trading- cost per match in R\$

	USA	BRAZIL
Broker	13.80	9.06
Exchange	-	2.59
<b>Total</b>	<b>13.80</b>	<b>11.65</b>

***In average, retail investors pay less to trade stocks in Brazil than in USA!***

- In USA the interface is only with the brokerage house (the exchange cost is embedded within the broker fee), while in Brazil is with both broker and exchange

Source: brokers' fee (Brazil and USA) is the average price collected from four USA discount brokers and from four Brazilian retail brokers in June 2011.

Note: the R\$2.59 exchange fee per order is a result from: 3.45bps on a trade of R\$7.5 thousand (average size of the Home Broker trading).



### Comparing with other exchanges (base schedule)

	ADTV – 2010 in USD millions	Trading Fee (in Bps)
London SE Group	10,965	0.45
Deutsche Börse	6,514	0.50
Hong Kong Exchanges	5,986	0.50
Johannesburg SE	1,360	0.55
Singapore Exchange	1,157	0.75
Bolsa Mexicana de Valores	470	0.55
<b>Average</b>	-	<b>0.55</b>
<b>BVMF</b>	<b>3,511</b>	<b>0.70</b>
<b>BVMF HFT (higher discount)<sup>1</sup></b>		<b>0.05</b>

***The different types of business model and services provided by the exchanges influence the trading fee***

Source: WFE for trading volumes; and fee schedules adopted by the exchanges for Trading Fees.

<sup>1</sup> Besides paying zero trading fee, the HFTs with higher level of discounts will pay 0.25bps less in the settlement fee.

# Fees in other Cash Market

Comparing with Deutsche Börse (integrated model)

## Comparing trading and post trading costs: BVMF vs. Deutsche Börse

in USD	Holding Period - 3 months				Holding Period - 12 months			
	BVMF		Deutsche Börse		BVMF		Deutsche Börse	
	Local	Foreigner	100 Trades	25 Trades	Local	Foreigner	100 Trades	25 Trades
<b>Trading</b>	<b>2,100</b>	<b>2,100</b>	<b>1,512</b>	<b>1,241</b>	<b>2,100</b>	<b>2,100</b>	<b>1,512</b>	<b>1,241</b>
<b>Post trading</b>	<b>5,601</b>	<b>8,262</b>	<b>7,651</b>	<b>3,319</b>	<b>5,601</b>	<b>8,262</b>	<b>13,276</b>	<b>8,944</b>
Clearing and Settlement	5,400	8,250	5,776	1,444	5,400	8,250	5,776	1,444
Depository	201	12	1,875	1,875	201	12	7,500	7,500
<b>Custo total</b>	<b>7,701</b>	<b>10,362</b>	<b>9,163</b>	<b>4,560</b>	<b>7,701</b>	<b>10,362</b>	<b>14,788</b>	<b>10,185</b>

***In Germany, the post trading costs, in special the depository cost, are higher than the trading costs***

Note: institutional investor simulation; 500 th stocks trading size; USD30.00 stock price; USD15 million value under custody; Deutsche Börse / Clearstream costs: trading: 0.00504%; clearing and settlement US\$28.88 by settlement; trading and clearing/settlement are due in both in and out of each transaction; custody: 0.05% a.a.

Deutsche Börse fee schedule and source done by Rosenblatt Securities Inc.

# BM&F Segment Pricing Policy (Derivatives)

*Reduction also in the cross subsidies*

## Mainly changes in the assumptions

- New distribution (reflects the costs 'allocation): **40% trading and 60% post-trading**
- “Other costs” insert into the respective fee’s lines

	Current	New Schedule
<b>Trading</b>	Exchange fee	New Exchange fee
<b>Post-trading</b>	Registration fee	New Registration fee (Fixed +Variable)
	Delivery fee	New Delivery Fee
	Permanence fee	New Permanence fee
	Others (Gross Up)	-

Others (Gross Up): refers to the taxation (Gross Up) that applies to each revenue’s line: 10.1928% on top of trading (PIS+COFINS) and 16.6181% on top of Post-Trading (PIS+COFINS+ISS). In the new fee structure, the gross up is applicable to each fee’s line.

- Implementation of the new trading and post trading fee schedule:
  - Bovespa Segment: August 26, 2011
  - BM&F Segment: October 31, 2011
- Reduction of ISS (City Tax) from 5% to 2% over the post-trading that will be in place as of July 11, 2011



# Bovespa Segment Fee Structure

Pricing policy – current and new

Cash Market								
Type of investor	Current				New Schedule			
	Trading	Settlement	Register	TOTAL	Trading	Settlement	Register	TOTAL
Retail and foreigners	0.0285%	0.0060%	-	<b>0.0345%</b>	0.0070%	0.0275%	-	<b>0.0345%</b>
Domestic Funds	0.0190%	0.0060%	-	<b>0.0250%</b>	0.0070%	0.0180%	-	<b>0.0250%</b>
<i>Day trade</i>	0.0190%	0.0060%	-	<b>0.0250%</b>	0.0070%	0.0180%	-	<b>0.0250%</b>
Exercise of Written Positions of Call Options	0.0190%	0.0060%	-	<b>0.0250%</b>	0.0070%	0.0180%	-	<b>0.0250%</b>
Exercise of Index Options – On the Spread	0.0275%	0.0060%	-	<b>0.0335%</b>	0.0070%	0.0270%	-	<b>0.0340%</b>

Options on Single Stocks								
Type of investor	Current				New Schedule			
	Trading	Settlement	Register	TOTAL	Trading	Settlement	Register	TOTAL
Retail and foreigners	0.0580%	0.0060%	0.0700%	<b>0.1340%</b>	0.0370%	0.0275%	0.0695%	<b>0.1340%</b>
Domestic Funds	0.0400%	0.0060%	0.0490%	<b>0.0950%</b>	0.0260%	0.0180%	0.0510%	<b>0.0950%</b>
<i>Day trade</i>	0.0250%	0.0060%	0.0140%	<b>0.0450%</b>	0.0120%	0.0180%	0.0150%	<b>0.0450%</b>

Options on Indices								
Type of investor	Current				New Schedule			
	Trading	Settlement	Register	TOTAL	Trading	Settlement	Register	TOTAL
Retail and foreigners	0.0330%	0.0060%	0.0450%	<b>0.0840%</b>	0.0230%	0.0275%	0.0335%	<b>0.0840%</b>
Domestic Funds	0.0240%	0.0060%	0.0300%	<b>0.0600%</b>	0.0170%	0.0180%	0.0250%	<b>0.0600%</b>
<i>Day trade</i>	0.0250%	0.0060%	0.0140%	<b>0.0450%</b>	0.0120%	0.0180%	0.0150%	<b>0.0450%</b>

# Bovespa Segment Fee Structure

Pricing policy – current and new (cont.)

Forward market								
Type of investor	Current				New Schedule			
	Trading	Settlement	Register	TOTAL	Trading	Settlement	Register	TOTAL
Retail and Investors in general	0.0310%	0.0060%	0.0280%	<b>0.0650%</b>	0.0180%	0.0275%	0.0195%	<b>0.0650%</b>
Investment Funds and Clubs	0.0310%	0.0060%	0.0280%	<b>0.0650%</b>	0.0180%	0.0180%	0.0290%	<b>0.0650%</b>

Box Strategy- 4 ends (at opening position)								
Type of investor	Current				New Schedule			
	Trading	Settlement	Register	TOTAL	Trading	Settlement	Register	TOTAL
Retail and Investors in general	0.0295%	0.0060%	0.0035%	<b>0.0390%</b>	0.0100%	0.0275%	0.0015%	<b>0.0390%</b>
Investment Funds and Clubs	0.0205%	0.0060%	0.0035%	<b>0.0300%</b>	0.080%	0.0180%	0.0040%	<b>0.0300%</b>

POP - Protected Participative Investment								
Type of investor	Current				New Schedule			
	Trading	Settlement	Register	TOTAL	Trading	Settlement	Register	TOTAL
Retail and Investors in general	0.0260%	0.0060%	-	<b>0.0320%</b>	0.0070%	0.0250%	-	<b>0.0320%</b>
Investment Funds and Clubs	0.0170%	0.0060%	-	<b>0.0230%</b>	0.0050%	0.0180%	-	<b>0.0230%</b>
<i>Day trade (for all investors)</i>	0.0190%	0.0060%	-	<b>0.0250%</b>	0.0070%	0.0180%	-	<b>0.0250%</b>



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