

**BM&FBOVESPA**

*The New Exchange*



## New Fee Structure

Aug/2011



- ✓ New fee structure reflects better the Company's cost
- ✓ Increases the alignment with international markets

### New fee structure for Bovespa Segment

<i>bases point</i>	Current fee structure		New fee structure	
	<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>

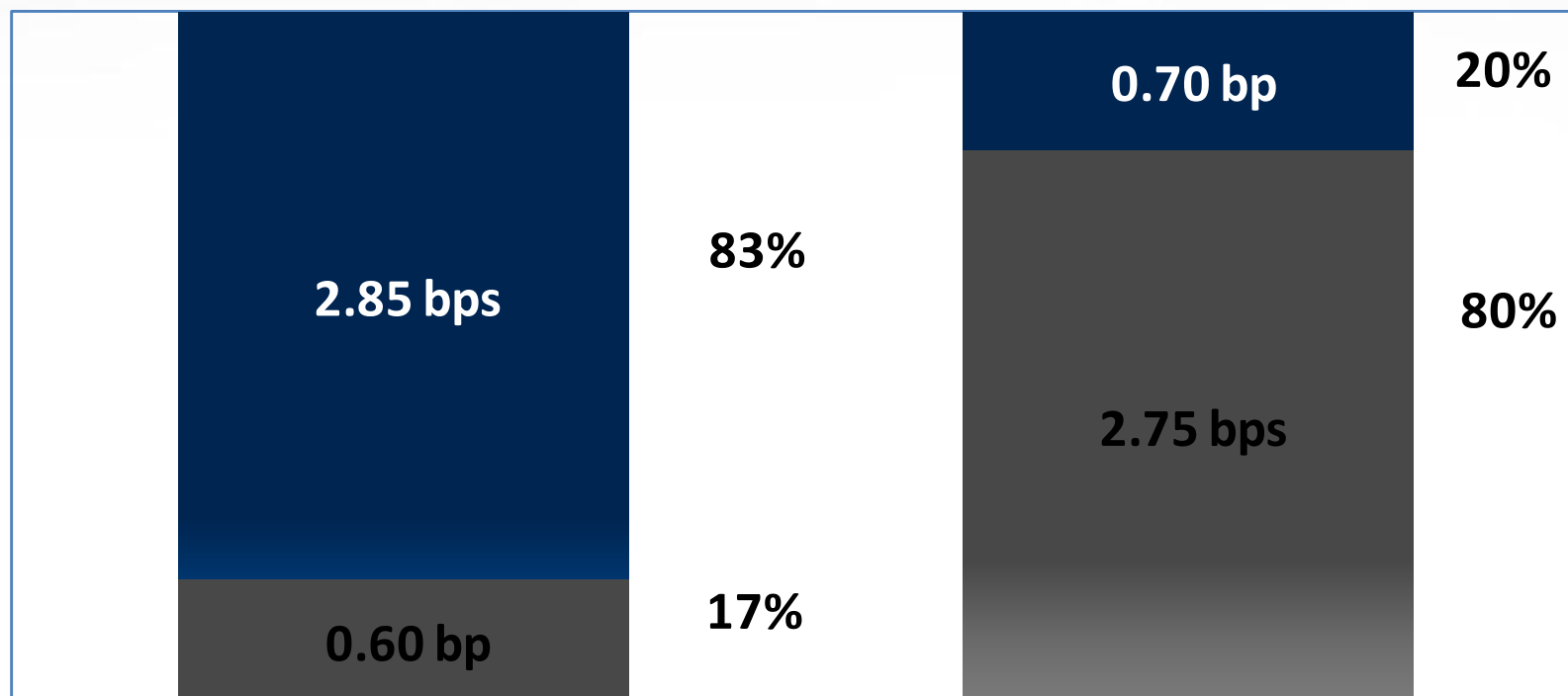
***The fees rebalancing has neutral effect on investors costs***

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

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

# Bovespa Segmento fees breakdown

Trading and Post Trading (ex depository)



Current

New

■ Settlement

■ Trading

# BVMF revenues breakdown

## 2010 revenues simulation

<i>BRL millions</i>	2010 (Actual)		2010 (New fee structure simulation)	
<b>BM&amp;F</b>	722	%	722	%
Trading	531	<b>73.5</b>	289	<b>40.0</b>
Post-Trading	191	<b>26.5</b>	433	<b>60.0</b>
<b>Bovespa</b>	1,080		1,080	
Trading	737	<b>68.2</b>	263	<b>24.3</b>
Post-Trading	255	<b>23.6</b>	729	<b>67.5</b>
Depository	88	<b>8.2</b>	88	<b>8.2</b>
<b>Total</b>	1,802		1,802	
Trading	1,268	<b>70.4</b>	551	<b>30.6</b>
Post-Trading	446	<b>24.7</b>	1,163	<b>64.5</b>
Depository	88	<b>4.9</b>	88	<b>4.9</b>

# 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
	<b>BVMF total cost</b>	<b>2.50</b>	<b>0.700</b>	<b>3.45</b>	<b>0.966</b>
+	Broker fee	(a) 1.50	0.420	1.50	0.420
		(b) 5.00	1.400	5.00	1.400
		(c) <b>10.00</b>	<b>2.800</b>	<b>10.00</b>	<b>2.800</b>
=	All-in cost	(a) 4.00	1.120	4.95	1.386
		(b) 7.50	2.100	8.45	2.366
		(c) <b>12.50</b>	<b>3.500</b>	<b>13.45</b>	<b>3.766</b>

***Institutional Investor: in the USA, the average daily trading cost could vary 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>

***Retail: 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 0.05bps of 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

<i>in USD</i>	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>6,204</b>	<b>8,299</b>	<b>13,276</b>	<b>8,944</b>
Clearng 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	804	49	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>8,304</b>	<b>10,399</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; Deustche 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 fee structure (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.

### Assumptions:

#### **Stock Indexes: BM&FBOVESPA vs HKEx vs NSE vs CME**

- Number of contracts adjusted to VaR
- Conversion to USD
- 10 days holding period

#### **FX: BM&FBOVESPA vs CME**

- Number of contracts adjusted to VaR
- Conversion to USD
- 10 days holding period

#### **Interest Rates: BM&FBOVESPA vs CME**

- Number of contracts adjusted to show the fee of the same intraday price variation , considering each contract volatility
- 20 days holding period

# BM&F Segment fees

Fee comparison: Ibovespa future vs. S&P 500 future

**Client**  
**No HFT**  
**No Day Trade**

	Emerging Markets			
	BVMF		HKEx	NSE
	Cliente Não HFT		Qualquer Cliente	Qualquer Cliente
	MINI Futuro IBOVESPA	Futuro IBOVESPA	Hang Seng Index	S&P CNX Nifty
<b>Média da Tabela</b>	<b>\$ 14,07</b>	<b>\$ 27,47</b>	<b>\$ 9,45</b>	<b>\$ 19,00</b>
<b>Menor Custo</b>	<b>\$ 11,52</b>	<b>\$ 23,29</b>		

Developed Markets	
CME	
Customer of Member Firm	
E-MINI S&P 500 FUTURE INDEX	S&P 500 FUTURE INDEX
<b>\$ 20,72</b>	<b>\$ 8,34</b>

**Situações Especiais**  
**Day Trade**

	Emerging Markets					
	BVMF				HKEx	NSE
	Cliente Não HFT		HFT		Qualquer Cliente	Qualquer Cliente
	MINI Futuro IBOVESPA	Futuro IBOVESPA	MINI Futuro IBOVESPA	Futuro IBOVESPA	Hang Seng Index	S&P CNX Nifty
<b>Média da Tabela</b>	<b>\$ 4,22</b>	<b>\$ 8,70</b>	<b>\$ 2,36</b>	<b>\$ 4,02</b>	<b>\$ 9,45</b>	<b>\$ 19,00</b>
<b>Menor Custo</b>	<b>\$ 3,42</b>	<b>\$ 7,42</b>	<b>\$ 1,57</b>	<b>\$ 3,24</b>		

Developed Markets	
CME	
CME Member Firm*	
E-MINI S&P 500 Future INDEX	S&P 500 Future INDEX
<b>\$ 6,27</b>	<b>\$ 2,61</b>

\* - não inclui taxa mensal de membro

Tamanho do Mercado em relação à BVMF

5 vezes

1,1 vezes

48 vezes

# BM&F Segment fees

Fee comparison: FX and Interest Rates

No HFT Client  
No Day Trade

	BVMF	CME	
	BRL/USD	USD/EUR	BRL/USD
	Cliente Não HFT	Customer of Member Firm	
Média da Tabela	\$ 22,20	\$ 18,05	\$ 25,60
Menor Faixa	\$ 17,60		

	BVMF	CME
	DI Futuro	Eurodollar (juros)
	Cliente Não HFT	Customer of Member Firm
	\$ 1,32	\$ 1,19
	\$ 1,00	

Situações  
Especiais  
Day Trade

	BVMF		CME	
	BRL/USD		USD/EUR	BRL/USD
	Cliente Não HFT	HFT	CME Member Firm*	
Média da Tabela	\$ 11,00	\$ 4,80	\$ 3,61	\$ 5,12
Menor Faixa	\$ 8,80	\$ 3,60		

	BVMF		CME
	DI Futuro		Eurodollar (juros)
	Cliente Não HFT	HFT	CME Member Firm*
	\$ 0,48	\$ 0,24	\$ 0,18
	\$ 0,40	\$ 0,22	

\* - não inclui taxa mensal de membro

# Bovespa Segment Fee Structure

Fee structure – 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

Fee structure– 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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