

August 17, 2012

Paul M. Architzel

Richard Shilts
Division of Market Oversight
Commodity Futures Trading Commission
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Re: Limited Application for Registration of BM&FBOVESPA S.A. as a Foreign Board
of Trade Pursuant to 17 C.F.R. §48.6

Dear Mr. Shilts:

We are filing the attached Limited Application of BM&FBOVESPA S.A., Bolsa de Valores, Mercadorias e Futuros (“BVMF” or “Exchange”) for Registration as a Foreign Board of Trade under Commission Rule 48.6 on behalf of our client, BVMF.

In this regard, BVMF wishes to make clear that it maintains three distinct paths for “direct access” by U.S. persons as defined under Commission Rule 48.2(c), 17 C.F.R. §48.2(c). All three of these avenues were covered within the scope of the existing No-Action Letter and are included within the scope of this Limited Application. BVMF refers to these as “DMA Model 3,” “DMA Model 4” and “Connection Through CME Globex.”¹

In this regard, BVMF notes that a pre-trade risk control tool developed by BVMF, which runs in BVMF’s gateway, is required to be used under DMA Models 3, 4 and the Gobex connection (as well as under the two forms of order routing). The broker, through the use of this risk tool, known as “LiNe,” establishes limits for each customer’s account. Although the software runs in BVMF’s gateway, under this arrangement, it is the broker which controls the setting of the customer’s individual risk limits.

The three methods of directly accessing the BVMF market within the scope of this Application are described in greater detail below.

¹ Under BVMF practice, BVMF refers to two additional forms of “direct market access.” These are DMA Model 1 and DMA Model 2. These forms of access are not within the CFTC’s definition of “direct access” under Rule 48.2(c) and are understood, under Commission rules, to be Automated Order Routing Systems (“AORs”), for which registration as an FBOT is not required. However, to the extent that the Commission may disagree with our assessment of Models 1 and 2 as AORs, then we would request that the Commission include such access modalities within the scope of the Application. Models 1 and 2 are described as follows:

Model 1 consists of the routing of orders via the broker’s technological (physical) infrastructure. Under Model 2 the broker’s client connects to a DMA provider, such as Marco Polo or other provider, which connects to the Exchange. The DMA provider can have hardware or software installed at the Exchange’s data processing center.

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DMA Model 3--DMA via Direct Connection

This model consists of the transmission of orders via a direct connection between the client and the Exchange without using the broker or a DMA provider's technology infrastructure. As with the other DMA models defined by BVMF there is a link maintained between the client and the broker - which grants access, sets trading limits and monitors operations. Although these functions are controlled by the Brazilian broker, the link resides on the BVMF's hardware at the gateway to the Puma matching engine.

DMA Model 4—Co-location

In trading via Co-Location, the customer's bids and offers are generated by a computer program (Automated Trading System – ATS) running on a server hosted by BVMF's datacenter. Participants can access servers hosted by the Exchange remotely for monitoring purposes, to set parameters, to perform maintenance or for other purposes.

Trading via Co-Location is available in two modalities: Brokerage House Co-Location and Investor Co-Location. Brokerage House Co-Location is an access mode in which only the brokerage house can access the hosting unit and trading equipment co-located inside BVMF's datacenter for the purposes of use, administration, management and control. The brokerage house can install software to run on its servers for the purposes of sending orders to buy and sell securities on its own account and on behalf of customers. However, if authorized by the brokerage house, customers may also remotely access the trading software running under the Brokerage House Co-Location Agreement. Connectivity sessions established via Brokerage House Co-Location may be used only for this purpose. If shared by several customers, such sessions must be distributed among the customers as deemed appropriate by the participant.

In the Investor Co-Location mode, both customers and their trading participants contract for co-location but, only customers can access the hosting unit and trading equipment co-located inside BVMF's datacenter for the purposes of use, administration, management and control. Customers can install software to run on their servers for the purposes of sending orders to buy and sell futures contracts for their own accounts.

Trading through Globex

Finally, the third method of direct market access within the scope of this Application is access through the Chicago Mercantile Exchange's ("CME") Globex Trading System. As described elsewhere in this Application, under an agreement between BVMF and the CME, U.S. persons

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are able to send Orders to the BVMF Puma Trading System via the CME Globex Trading System.

* * *

If you have any questions, we would be happy to discuss this issue in greater detail.

Best regards,

A handwritten signature in black ink, appearing to read "Paul M. Architzel". The signature is written in a cursive, flowing style.

Paul M. Architzel