Policy on Conflicts of Interest and Related Party Transactions

BM&F BOVESPA
The New Exchange

POLICY ON CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

1. Purpose and application

This Policy establishes rules to ensure all decisions, in particular decisions involving related parties or other situations potentially involving conflicts of interests, are taken in line with the interests of BM&FBOVESPA ("Company") and its shareholders. This Policy applies to all directors, officers and collaborators of the Company and its subsidiaries.

2. Definition of Related Parties:

"Related parties" are defined as natural and legal persons with whom the Company would be in a position to transact other than on an arm's length basis, thus potentially creating a conflict of interests.

Under CPC Accounting Pronouncement No. 5, issued by the Brazilian Committee of Accounting Standards (*Comitê de Pronunciamentos Contábeis*), or CPC, and approved by the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or CVM, pursuant to CVM Resolution No. 560 dated December 11, 2008, related party transactions are defined as 'transfers of funds, services or obligations transacted with related parties irrespective of whether or not the parties may have assigned a price to the transaction.'

The same accounting pronouncement defines related parties as persons having relations with the Company.

(a) either directly or indirectly, through one or more intermediaries, if the party (i) is a controlling shareholder or a subsidiary or company under common control with the Company, including its controlling shareholders and subsidiaries of the Company, (ii) holds an interest permitting it to exercise significant influence over the Company; or (iii) exercises joint control over the Company;

(b) if the party is an affiliate of the Company;

(c) if the party is a joint company (joint venture) in which the Company is an investor;

(d) if the party is a director or key management member of the Company, 'key management member' being defined as a person vested with authority to, and responsibility for planning, directing and overseeing the Company's activities either directly or indirectly, including any director, officer or executive of the Company. For purposes of this Policy, the Company further defines key management members to include executives as Audit Officer and the Human Resources Officer, in addition to each of the members of the board of executive officers;

(e) if the party is a close family member of any of the persons listed in items (a) and (d) above, 'close family members' being defined as family members that would be expected to influence, or be influenced by such family member in his or her business transactions with the Company, and may include (i) the party's spouse, or common law spouse, and children; (ii) the children of the spouse or common law spouse; and (iii) the party's dependants or the dependants of the person's spouse.

(f) if the party is a subsidiary or company under common control, or is a company significantly under the influence of, or is a company in which the power to significantly affect or influence the decision-making process lies directly or indirectly with any of the persons listed in items (d) or (e); or

(g) if the party is a post-retirement pension fund for the benefit of employees of the Company or any entity that is a related party of the Company.

3. Definition of instances involving conflicts of interest:

A conflict of interests arises where a person involved in any given decision-making process can potentially influence its outcome for his/her personal gain or that of a close family member or that of a third party with which such person may have any dealings, or in which decision-making process such person's personal interests may interfere with his/her ability to make impartial judgments.

In our case, potential conflicts of interests are those where for any reason the personal goals of decision makers are not in line with the goals of the Company in any particular matter.

Given that conflicts of interest may potentially arise, BM&FBOVESPA seeks to ensure that decisions are taken strictly in line with the interests of the Company, including where the outcome of a particular decision-making process could potentially represent a personal gain for a director, officer, their close family members or related entities and persons.

4. Rules for decisions involving related parties or other conflicts of interest

On identifying a matter of this nature, directors and officers are required promptly to make their conflict of interest known to the Company. In addition, they are required to abstain from taking part in discussions concerning, and from voting on any such matter. Upon request of the Chair or the chief executive officer, as the case may be, any such director or officer may participate in part of the discussions so as to provide information on the conflict, the transaction or the parties involved, and in any event will be required to take leave if the matter is to be decided.

In the event a director or executive officer that would potentially ascertain a personal gain from any given decision were to silence about a conflict of interest, any cognizant peer may reveal the conflict of interest. In this event, a director's or officer's silence will be deemed a breach of the Company's policy on conflicts of interest and the matter will be submitted to the nomination and corporate governance committee for evaluation and a recommendation to the board of directors as to possible corrective actions.

Both the notice of an event of conflict of interests and any subsequent abstention from voting shall be recorded in the minutes of Board meetings.

Upon taking office, the directors and officers of BM&FBOVESPA shall be required to sign a document acknowledging awareness of, and adherence to this Policy on Conflicts of Interest and Related Party Transactions.

5. Policy alignment with the provisions of Brazilian Corporate Law

This Policy is in line with the requirements of Brazilian Corporate Law (Law No. 6,404 dated December 15, 1976, as amended), in particular with respect to the duty of loyalty legally required from directors and officers of a Brazilian corporation. Under article 155 of Brazilian Corporate Law, directors and officers are required to serve the Company faithfully, ensuring that the interests of the Company prevail over the personal interests of decision makers[1]. In addition, article 156 provides that in the event of a conflict of interests, the conflicted director or officer must notify peers and the board of directors of such circumstance, and to abstain from interfering in the

[1] Article 155. An officer shall serve the corporation with loyalty, shall treat its affairs with confidence and shall not: I - use any commercial opportunity which may come to his knowledge, by virtue of his position, for his own benefit or that of a third party, whether or not harmful to the corporation; II - fail to exercise or protect corporation rights or, in seeking to obtain advantages for himself or for a third party, fail to make use of a commercial opportunity which he knows to be of interest to the corporation; III - acquire for resale at a profit property or rights which he knows the corporation needs or which the corporation intends to acquire. (…)

relevant transaction in addition to making a record of the nature and extent of his/her conflicting interest in the minutes of a Board meeting[2].

6. Transparency and periodic policy revisions

In line with the requirements of the *Novo Mercado* Listing Regulation, every year BM&FBOVESPA shall make available to external constituencies detailed information on related party transactions carried out by the Company.

As a means to ensure continuing improvement of good corporate governance practices, the Corporate Governance Committee shall conduct periodic reviews of this Policy.

[2] Article 156. An officer shall not take part in any corporate transaction in which he has an interest which conflicts with an interest of the corporation, nor in the decisions made by the other officers on the matter. He shall disclose his disqualification to the other officers and shall cause the nature and extent of his interest to be recorded in the minutes of the administrative council, or board of directors' meeting. Paragraph 1. Notwithstanding compliance with the provisions of this article, an officer may only contract with the corporation under reasonable and fair conditions, identical to those which prevail in the market or under which the corporation would contract with third parties. Paragraph 2. Any business contracted otherwise than in accordance with the provisions of paragraph 1, above, is voidable and the officer concerned shall be obliged to transfer to the corporation all benefits which he may have obtained in such business.