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Richard A. Shilts
Acting Director
Division of Market Oversight
Commodity Futures Trading Commission
1155 21st St., N.W.
Washington, D.C. 2058

Re: Notification of Introduction of Puma Trading System

Dear Mr. Shilts:

We are writing on behalf of our client, BM&FBOVESPA S.A., Bolsa de Valores, Mercadorias e Futuros ("BVMF"). The Division of Market Oversight ("DMO" or the "Division") of the Commodity Futures Trading Commission (the "Commission"), by letter dated September 26, 2008, confirmed that it would not recommend that the Commission institute an enforcement action against BVMF or its members for failure to obtain contract market designation pursuant to Section 5 of the Commodity Exchange Act, 7 U.S.C. §1 *et seq.* (the "Act") if it made its electronic trading and order matching system available for direct access by persons located in the U.S., including those that have been authorized by or under the rules of the Chicago Mercantile Exchange ("CME") to have access to a CME Globex terminal and that, pursuant to the BVMF-CME Order Routing Agreement, have been granted the right to directly access BVMF's trading system (the "No-Action Letter"). The No-Action Letter requires that BVMF promptly provide DMO with written notice of "any material change in the information provided in its no-action request, including any information in the documents submitted in support thereof." This letter notifies the Division of changes to the BVMF trading system.

GTS Trading System

The No-Action Letter noted that the BVMF trading system, the Global Trading System ("GTS"), was developed internally and became operational in 2007. The No-Action Letter further noted that authorized traders connected to GTS through a variety of distribution networks, including through a dedicated link set up by the user, the local Brazilian broker's network (the Financial Community Communication Network or RCCF), or through the web via Globex, or other vendors. These distribution networks connected to GTS through an interface and order entry gateway known as BELL (BVMF Electronic Link).

Puma Trading System

Starting in the fall of 2011, BVMF began phasing in a new trading engine, the Puma Trading System ("Puma System"), for trading in spot foreign currency. Subsequently, it

introduced the Puma Trading System for derivatives trading. Eventually, the Puma System will replace BVMF's systems for trading equities and equity derivatives (Mega Bolsa), fixed-income corporate securities (BOVESPA FIX), and government securities (SISBEX). At that time, the trading engines for all of BVMF's various markets will operate on a single trading system.

Overview of New System

The Puma System was developed jointly with the CME and is based on the CME's trading engine. BVMF modified the CME technology to comply with the Brazilian rules and regulations described in the No-Action Letter, which remain unchanged. The Puma System has greater processing capacity, lower latency, and offers several new functions, outlined below. Although the architecture of BVMF's trading system has changed, the introduction of the Puma System did not involve relevant changes to BVMF's trade matching algorithms. Similarly, there has been no change in the distribution network of BVMF. There also has been no change with respect to the process by which U.S. customers using Globex terminals access the BVMF market. Thus, customers routing orders through Globex terminals were not affected by the migration. And customers may still access the Puma System using RCCF, the RCB Network, and/or the web, all as described in the No-Action Letter.

In addition to the information set forth in this letter, please find attached hereto a presentation containing detailed functional aspects of the Puma Trading System.

Changes to Trading System

In addition to the technical improvements of lowering latency and increasing capacity introduced by the Puma System, the new trading system will enable certain functional changes to be implemented relating to trading. These include certain modifications to the auction process, the introduction or modification of certain order types and minor changes to trading sessions. In addition, the Puma System makes available a self-trade prevention functionality.

1. Auction process

There have been a number of modest changes to the auction process. The theoretical price that is established through the auction process is established with respect to a number of criteria. While the first criterion for determining the theoretical price in auctions will not change, the second and third criteria for determining the theoretical price in auctions are now the price closest to the last traded price or, in the absence of it, the closest to the settlement price (with rounding to fit the tick size). In addition, pre-opening auctions are now permitted to be extended based on a modification of the remaining quantity during the critical phase. Because orders no longer impact the theoretical price determination, orders may now be canceled or modified with respect to quantity and/or price reductions.

Fill-and-Kill orders are now permitted. The validity of a Fill-and-Kill order can be modified, and after the auction, the remaining quantity is automatically deleted from the order book. During the auction, iceberg orders may be modified, provided the total amount is

disclosed. MOA/MOC (Market on Auction and Market on Close) orders, which do not pre-define prices, are now allowed in the Puma System.

2. Order functionality

Certain enhanced order functionalities have been added, including, but not limited to:

- It is now possible to modify the characteristics of a Stop Order before it is triggered, but it is no longer possible to modify the order after it is triggered.
- If a Stop Order is triggered and its price is outside the hard limit, the price is now adjusted to the limit value rather than rejected.
- For Intentional Cross Trades, which are accepted for groups of liquid instruments if the price is between the best bid and best ask, values are no longer included. If there is no spread between the bid and ask, customers may now send an Intentional Cross Trade at a price equal to the best bid or best ask.
- Modifications of apparent quantity, if accepted, are enforced only after the full execution of the apparent quantity defined prior to the modification request.
- Good-till-Date and Good-till-Cancelled orders are now allowed in the Puma System.

3. Trading Phases

The Puma System permits the Pre Open Phase to be extended by one minute and permits one extension with a randomly defined length (up to one minute). The Puma System also now permits traders/customers to cancel orders during the Pause Phase. Traders who send orders to the trading system now bear responsibility for their cancellation.

4. Self-Trading Prevention Functionality

The Puma System offers a Self-Trade Prevention functionality at the Customer Level, the use of which is voluntary. This functionality restricts the matching of a buy and sell order for the same customer regardless of whether the orders are entered though different brokers.

Other Changes to the Puma System Implementation

In addition, as a result of the migration to the Puma System, the BELL user interface and order entry gateway have been replaced with a new gateway called "EntryPoint." EntryPoint operates on a FIX Version 4.4 connection. As noted above, customers routing orders through the Globex were not affected by this change.

Finally, BVMF updated its market data feed for Derivatives. The new market data interface will consolidate the market data feeds for Equities, Derivatives, and FX as these systems also migrate to the Puma System. The new market data feed uses the FIX 5.0/FAST connection. FAST is designed to optimize the electronic exchange of data for high volume, low

latency data dissemination. FAST is a data compression algorithm that significantly reduces bandwidth requirements and latency between sender and receiver.

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BVMF is currently preparing an Application for Registration as a Foreign Board of Trade and will include pertinent information about the Puma System in its Application. If you have any questions regarding this correspondence or would like any further information, please do not hesitate to contact Cinthia Martins da Costa, Legal Department BM&FBOVESPA S.A.- Bolsa de Valores, Mercadorias e Futuros at 55 11 2565-6356 or the undersigned, at 202 663-6240.

Respectfully submitted,

Paul M. Architzel

cc: Duane Andresen