FORM FBOT—EXHIBIT F

Request: With respect to each relevant regulatory regime or authority governing the foreign board of trade, attach the following (including, where appropriate, an indication as to whether the applicable regulatory regime is dependent on the home country's classification of the product being traded on the foreign board of trade as a future, option, swap, or otherwise, and a description of any difference between the applicable regulatory regime for each product classification type):

(1) A description of the regulatory regime/authority's structure, resources, staff, and scope of authority; the regulatory regime/authority's authorizing statutes, including the source of its authority to supervise the foreign board of trade; the rules and policy statements issued by the regulator with respect to the authorization and continuing oversight of markets, electronic trading systems, and clearing organizations; and the financial protections afforded customer funds.

(2) A description of and, where applicable, copies of the laws, rules, regulations and policies applicable to:

(i) The authorization, licensure or registration of the foreign board of trade.

(ii) The regulatory regime/authority's program for the ongoing supervision and oversight of the foreign board of trade and the enforcement of its trading rules.

(iii) The financial resource requirements applicable to the authorization, licensure or registration of the foreign board of trade and the continued operations thereof.

(iv) The extent to which the IOSCO Principles are used or applied by the regulatory regime/authority in its supervision and oversight of the foreign board of trade or are incorporated into its rules and regulations and the extent to which the regulatory regime/authority reviews the applicable trading systems for compliance therewith.

(v) The extent to which the regulatory regime/authority reviews and/or approves the trading rules of the foreign board of trade prior to their implementation.

(vi) The extent to which the regulatory regime/authority reviews and/or approves futures, option or swap contracts prior to their being listed for trading.

(vii) The regulatory regime/authority's approach to the detection and deterrence of abusive trading practices, market manipulation, and other unfair trading practices or disruptions of the market.

(3) A description of the laws, rules, regulations and policies that govern the authorization and ongoing supervision and oversight of market intermediaries who may deal with members and other participants located in the United States participants, including:

(i) Recordkeeping requirements.

(ii) The protection of customer funds.

(iii) Procedures for dealing with the failure of a market intermediary in order to minimize damage and loss to investors and to contain systemic risk.

(4) A description of the regulatory regime/authority's inspection, investigation and surveillance powers; and the program pursuant to which the regulatory regime/authority uses those powers to inspect, investigate, and enforce rules applicable to the foreign board of trade.

Response:

Copies of the applicable laws, rules, regulations and policies were provided as part of Exhibit A-5.

Overview

BVMF and its Access Rights Holders are subject to a comprehensive regulatory regime. This regulatory structure, administered and enforced by three government entities, includes, among other things: financial and other fitness criteria for industry participants; reporting and recordkeeping requirements; procedures governing the treatment of customer funds and property; sales practice and other conduct of business standards; provisions designed to protect the integrity of the markets; and statutory prohibitions on fraud, abuse, and market manipulation. In addition, as discussed in greater detail below, pursuant to the Brazilian regulatory structure, BVMF is a self-regulatory organization, having oversight and self-regulatory enforcement obligations with respect to operation of the market in a financially sound manner and free from trading, market or customer abuses. BVMF also carries out SRO functions with respect to oversight of the qualification, conduct and financial capacity of market intermediaries.

Oversight of the Brazilian financial markets is vested in three government entities: the National Monetary Council ("CMN"), the Central Bank of Brazil ("BACEN"), and the CVM.[1]

The CMN is the highest policy-making authority of the Brazilian financial system and is composed of the Minister of Finance (chairman), the Minister of Planning and Budgeting, and the President of the BACEN. It was created with the purpose of formulating the monetary and credit policies for the financial and capital markets, and its decisions are applicable to both the financial markets and capital markets. These policies address matters such as availability of credit in the system, form of remuneration for credit transactions, operating limits of financial institutions, rules for carrying out foreign investments in Brazil and rules for foreign exchange.[2] To implement these Resolutions, BACEN and CVM issue Circulars and Instructions, respectively.

BACEN is a federal agency under the Ministry of Finance responsible for implementing the monetary and credit policies established by the CMN, regulating the foreign exchange market and foreign investment flow in Brazil, authorizing admission of new financial institutions to the market and monitoring operations of financial institutions. Regulation and supervision of investment banks, securities brokers, securities dealers, and the commodities and futures exchanges are shared between BACEN and CVM. BACEN's chief responsibilities are centered on prudential and systemic regulation activities. Pursuant to Resolution 1655 (1989), as amended, BACEN also has the responsibility to license certain of the institutions referred to

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[1] The broad roles of the various agencies of the Brazilian financial system, including BACEN, were established by Law No. 4595/64.

[2] Advising CMN is the Technical Commission on Currency and Credit, composed of the President of BACEN (coordinator), the President of CVM, the Executive Secretary for the Minister of Planning and Budget, the Executive Secretary for the Minister of Finance, the Economic Policy Secretary of the Minister of Finance, the Secretary of the National Treasury of the Minister of Finance and four directors of BACEN, who are appointed by its President.

above. Prior to receiving an operating license from BACEN, financial institutions must submit to BACEN a complete economic and financial statement demonstrating compliance with standards (i. *e.*, minimum capital, the competence and integrity of principals and directors, etc). Thereafter, their monthly accounting information must be made available to the Brazilian Central Bank. In turn, BVMF requires market participants under its jurisdiction to have sufficient working capital.[3] All audited financial statements are then submitted for posting on the Brazilian Central Bank Information System ("SISBACEN"). SISBACEN incorporated a sophisticated computerized and telecommunications network that interconnects the national financial system, federal and state government agencies and entities of the legislative branch and the judiciary branch with the Central Bank.

The CVM is a federal agency under the Ministry of Finance and is authorized to regulate and supervise all activities relating to the securities and futures markets. Its chief focus is as a regulator of business conduct and trading activities. It is the main supervisory body of the Brazilian capital markets, and has had oversight of the securities markets and the enforcement of securities and corporation laws in Brazil since it was formed in 1976.[4] Financial institutions and other institutions authorized to operate by BACEN are also subject to CVM supervision when conducting business in the capital markets. CVM's authorizing legislation was enacted in 1976 and amended in 2001 to make clear CVM's authority to regulate and oversee both BVMF and the over-the-counter derivatives markets.

Specific Requirements Applicable to Exchange Operation

In its role as regulator of BVMF and in order to prevent or correct any market or customer abuse, the CVM has authority to: (1) approve, suspend or cancel registrations; (2) oversee operation of the commodities and futures markets, as well as the conduct of market intermediaries; (3) disclose information or recommendations to provide clarification for market participants; (4) prohibit market participants from engaging in acts that could be detrimental to the operation of the market and its investors; and (5) impose penalties.[5]

Law No. 6385 (1976), (Attachment A-5-2), which set forth the organization of the Brazilian capital markets, created the CVM, and defined CVM's powers and authorities. This law provides CVM explicit statutory authority over all commodities and futures exchanges and over the over-the-counter derivatives markets. Under the provisions of that law, commodity futures exchanges and Commodity Brokerage Houses are required to be authorized by the CVM.

As noted above, organized futures markets[6] must be authorized by the CVM prior to beginning their activities. Authorization depends on the observance of a number of regulatory requirements, including net equity or capital stock requirements, free trading of membership titles or shares that will be issued, and providing access rights to its markets and systems of member companies

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[3] BVMF establishes working capital amounts through its "Official Circulars."

[4] Law 6385 (1976).

[5] With respect to its role as the securities regulator CVM also has authority to approve, suspend or cancel public offerings of securities and to monitor activities of publicly-held companies.

[6] Organized exchange markets can be incorporated as not-for-profit organizations or as for-profit companies.

or access rights holders as provided for in the Exchange's Bylaws. The CVM in its oversight role is also authorized to:

- suspend rules adopted by the organized exchange markets, if they are deemed to be inadequate for their operation, and require adoption by the exchange of those rules that CVM considers to be necessary;
- suspend decisions taken by the organized exchange markets, either wholly or in part, particularly when protecting investors;
- cancel trades carried out in organized exchange markets or determine that clearinghouses suspend settlement of trades in case of transactions that could characterize violations of legal and regulatory rules;
- suspend trading sessions in organized exchange markets with the purpose of preventing or correcting abnormal market situations, as defined in applicable regulations;
- suspend or revoke, through an administrative proceeding, the authorization for an operation of organized exchange markets, in cases of material violations pursuant to applicable regulations;
- order, on a preventative basis, that organized exchange markets immediately remove directors or officers when there is evidence of a violation committed by such person that is incompatible with the office to which they have been elected or designated;
- order organized exchange markets to suspend activities of their members and entities authorized to operate in their systems;
- order restatements of financial statements of entities that manage organized exchange markets that are not in compliance with Brazilian corporate law and with applicable regulations; and
- deny approval of rules or procedures, or require their amendment, whenever these rules or procedures are considered to be insufficient for proper operation of the market or in violation of applicable legal or regulatory provisions.[7]

BVMF must subject its new futures contracts and its bylaws and operational rules to the prior approval of the CVM.[8] Both CVM and BACEN require exchange rules to address the protection of investors' rights, the accuracy and transparency of price formation, observance of all trading standards and, in general, sound market practices.

Prohibition of Abusive Trade Practices

Abusive trade practices are prohibited under Article 4 of Law 6385. The CVM is empowered to investigate any illegal act or unfair practice of a market participant by opening an administrative inquiry.[9] This inquiry commences with a public investigation, with due process guarantees, and ends with a decision by the Board of Commissioners. A range of penalties may be imposed: (1) warnings; (2) fines, limited to (i) R$500,000; (ii) 50% of the amount of the securities issuing or

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[7] CVM Instruction 461 (2007), Chapter IX (Attachment A-5-1).

[8] CVM Instruction 467 (2008) (derivatives contracts approval) and CVM Instruction 283 (1998), Articles 12 and 13 (rules and regulations).

[9] Law 6385 (1976), Article 9.

of the irregular operation; or (iii) three times the amount of economic advantages gained, or losses avoided, due to the violation; (3) prohibition (limited to 20 years) on appointment as a Director or to the Board of Trustees of any corporation, particularly in the financial intermediary industry; (4) suspension of registration with regulatory agencies; (5) cancellation of authorizations granted by regulatory agencies; (6) prohibition (limited to 10 years) on trading and dealing, directly or indirectly, on specific securities and particular markets; and (7) prohibition (limited to 20 years) on work for any financial company or entity of the brokerage industry. In addition, any case may be referred for criminal charges, as appropriate, to the Federal Attorney's Office.

Additionally, Chapter VII-B of Law 6385[10] penalizes fraudulent transactions or other deceitful action aimed at artificially changing the regular operation of the securities markets in, among others, futures and commodities exchanges for the purpose of obtaining undue advantages or profits for oneself or others, or to cause damage to third parties.

Emergency Authority

According to Brazilian law, BACEN and CVM have the power to: "(a) suspend the execution of rules adopted by futures exchanges; (b) adopt rules they deem necessary; (c) void totally or partially the enforcement of decisions taken by futures exchanges; (d) decree the recess of futures exchanges in order to prevent or correct abnormal situations; and (e) adopt other measures they deem necessary for the good functioning of the market."[11]

In addition, the BVMF Bylaws vest broad and significant authorities in the Executive Officers to take extraordinary actions when warranted to address market disruptions. Under Article 35, the Chief Executive Officer is authorized to "take measures and adopt procedures to prevent the realization of operations that may constitute breaches of legal and regulatory rules" and to "supervise in real-time and inspect transactions traded and/or registered in any of the trading, registration, clearing and settlement systems under the Company's surveillance."[12] In particular, the CEO is authorized to:[13]

- declare a total or partial recess of the BVMF markets in cases of gross emergencies;
- order the suspension (90 days maximum) of the activities of Access Rights Holders; and
- cancel trades and/or registrations in the case of a legal or regulatory infraction.

Financial Protections

Exchanges are required to establish financial safeguards and guarantee funds to guard their clearing and settlement operations and facilities, and protect member firms and their customers from defaults, insolvencies or malpractice by market participants. As discussed above, BVMF has established minimum capital requirements for Access Rights Holders. Also as discussed

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[10] Law 10303 (2001), amended Law 6385 (1976), by adding this provision, among others.
[11] Quoted from English translation of CVM Resolution No. 1645 (1989), Article V.
[12] BVMF Bylaws, Article 35(k) and (l).
[13] *See* BVMF Bylaws, Article 35(m), (n), and (p).

above, it provides financial protections through its clearinghouse, which is the universal counterparty to all exchange transactions.

BVMF is supervised with respect to issues relating to financial integrity by both BACEN and the CVM. Brazilian law requires that clearinghouses and clearing and settlement services must have mechanisms and safeguards to guarantee settlement of obligations, including adequate security procedures and rules for risk control, contingencies, loss sharing among participants, and the direct execution of positions held in custody, of contracts and of collateral posted by participants. Brazilian law also requires each exchange to maintain an internal audit system. For instance, each exchange is required to monitor its internal controls, and those of the commodities brokerage houses and the Settlement Rights Holders, as applied to executed and registered transactions and their associated risks, as well as require proprietary and customer segregation of funds.

Regulation of Conduct of Access Rights Holders

BVMF is required by CVM to adopt rules of conduct to be met by brokerage firms in their relationship with clients and with the market as a whole. These rules are required to be approved by the CVM. The rules are required to address, and enforce, the following standards of conduct: (1) probity in the performance of activities, always to the best interest of their clients with a view of safeguarding market integrity; (2) observance of the proper standard of care in the handling of securities purchase, sale or swap orders; (3) qualification for the performance of activities; (4) commitment to obtain and provide clients with proper information, including inherent market risks as well as timely documentation of trades affected; and (5) avoidance of conflicts of interest and, if not possible, the rendering of equitable treatment to their clients.[14]

Regulation of Market Intermediaries

Any firm that intends to act as a Futures Brokerage House must receive an operating license directly from CVM.[15] As discussed in greater detail above, only a natural person resident in Brazil may serve as the manager of a brokerage company, and each brokerage company is required to have a technically-qualified manager for each area of operations. Brokerage companies must comply with the accounting procedures established by the CMN and BACEN, and must submit financial statements every six months to independent auditors appointed by CVM. CVM may cancel the operating license for any brokerage company that does not commence operations within six months of obtaining the license.

BACEN supervises financial institutions, including BVMF Settlement Rights Holders and certain brokerage houses through on-site and off-site examinations. On-site supervision involves the examination of financial institutions under the approach of the Comprehensive Consolidated Examination ("IGC"), which examines all the activities conducted by a financial institution and of all the firms that are part of the conglomerate to which the institution belongs. Conducted

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[14] BVMF has adopted Circular 036/2012 (Attachment G-2-1) establishing rules of conduct by brokerage firms as required mainly by CVM Instruction 505 (2011) (Attachment A-5-4).

[15] CVM Instruction 402 (2002) (Attachment A-5-3). The term "brokerage company" is defined to include any firm trading on the commodities and futures markets for its own account or on behalf of third parties.

every 24 months or less, the IGC also reviews for compliance each firm's operational policies and procedures. BACEN has also invested substantially in off-site monitoring technologies and control mechanisms. Off-site monitoring includes the analysis of the information returns regularly submitted to BACEN by the financial institutions, such as monthly consolidated and unconsolidated financial statements, as well as semi-annual auditors' reports. Off-site surveillance emphasizes capital adequacy, operational limits and risk exposure of the financial institutions being monitored.[16]

In addition, as noted above, CVM Instruction No. 402/04 (Attachment A-5-3), establishes rules under which Commodities Brokerage Houses may organize. These include the requirement that Commodities Brokerage Houses:

- be an access rights holder on the Exchange;
- are responsible to make good settlement;
- for compliance with high ethical standards of conduct;
- keep confidential the trading information of their customers;
- disclose any defaults to the market and to regulators;
- meet and maintain minimum financial requirements;
- refrain from advancing funds to their clients;
- keep records and make such reports as required; and
- register their operation with the appropriate government agency.

The CVM has also issued an Instruction establishing standards to be followed by Commodities Brokerage Houses and futures exchanges with respect to the entry of customer orders in both floor and electronic trading systems.[17] In it, CVM requires that brokers avoid conflicts of interest in filling customer orders and that customer orders be given priority over house orders.

Supervisory Enforcement Authorities

As discussed above, the CVM has authority to approve, suspend or cancel registrations; monitor BVMF and Commodities Brokerage Houses, prohibit market participants from engaging in acts that could be detrimental to the operation of the market and its investors; and impose penalties. Moreover, BACEN may restrict, suspend, or revoke the license of any non-compliant financial institution. For example, Brazil Law No. 9447 (1997) empowers BACEN to require institutions with liquidity problems to: (1) inject additional capital; (2) transfer shareholder control; and/or (3) undertake company reorganization through incorporation, merger, or dissolution. If necessary, BACEN may expropriate the shares of the controlling shareholder and sell the shares at public auction. A financial institution must receive approval from BACEN prior to any

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[16] *See* "Brazil: Selected Issues and Statistical Appendix," International Monetary Fund Staff Country Report No. 99/97, September 20, 1999; *see also*, Freitas, Carlos (BACEN Deputy Governor), "Recent Developments in the Brazilian Supervisory Framework - Consolidated Supervision in Brazil." Paper presented at the Annual Washington Conference of the Institute of International Banks in Washington, D.C. on March 5, 2001, posted on the BACEN website.

[17] CVM Instruction 505 (2011).

significant change to its organization or operations, including a merger, transfer of headquarters, or material alteration of its capital.

Reporting and Recordkeeping

Monitoring, recordkeeping and reporting requirements that apply to BVMF and its Access Rights Holders are similar to those required by the Commission of U.S. exchanges and registrants. CVM Instruction No. 461 (Attachment A-5-1) sets forth the reporting and recordkeeping requirements of organized exchange markets. Article 99 requires that an audit trail of transactions made through the trading systems or by other procedures be created that enables adequate information on the prices of the transactions to be recorded.

With respect to reporting, Article 28 requires the Chief Executive Officer and the Self-regulatory Department to report daily to CVM transactions submitted to auction and those cancelled, the balance of individual positions in the futures and securities markets, and the daily movement of transactions in each environment or trading system. In addition, Article 44 requires the Chief-Officer of the Self-regulatory Department to report immediately to CVM any information on an event or indications of an event of severe breach of CVM rules.

Moreover, the Chief-Officer must also report to CVM on a monthly basis any (l) failures to observe the legal rules in effect in the organized market under its responsibility and any deviations found in the transactions in the period, with the indication of the committed parties, as well as the arrangements made; (2) audits completed in the period, including the names of the persons authorized to trade that have been supervised, the scope of the work completed, the period covered, the final result, the irregularities identified and the arrangements adopted; and (3) administrative proceedings initiated, including those referring to the use of the loss reimbursement mechanism,[18] with the identification of the persons interested and the respective conduct.

As for recordkeeping, Article 16 requires the managing entity of an organized market of securities, among other things, to keep a record of the transactions in the trading environments managed by the entity for no less than five years or through the closing of investigations in the event that CVM notifies the managing entity of any existing investigation procedure.

[18] Article 77 of CVM Instruction No. 461 requires that the managing entity of an exchange maintain a loss recovery mechanism for the purpose of ensuring that investors can recover their losses arising out from an action or omission of a person authorized to trade or the officers, employees or representatives thereof in relation to the brokerage of transactions carried out on an exchange or to the custody services.

FORM FBOT EXHIBIT F Parts (5) AND (6)

Request: (5) For both the foreign board of trade and the clearing organization (unless addressed in Supplement S-1), a report confirming that the foreign board of trade and clearing organization are in regulatory good standing, which report should be prepared subsequent to consulting with the regulatory regime/authority governing the activities of the foreign board of trade and any associated clearing organization. The report should include:

(i) Confirmation of regulatory status (including proper authorization, licensure and registration) of the foreign board of trade and clearing organization.

(ii) Any recent oversight reports generated by the regulatory regime/authority that are, in the judgment of the regulatory regime/authority, relevant to the foreign board of trade's status as a registered foreign board of trade.

(iii) Disclosure of any significant regulatory concerns, inquiries or investigations by the regulatory regime/authority, including any concerns, inquiries or investigations with regard to the foreign board of trade's arrangements to monitor trading by members or other participants located in the United States or the adequacy of the risk management controls of the trading or of the clearing system.

(iv) A description of any investigations (formal or informal) or disciplinary actions initiated by the regulatory regime/authority or any other self-regulatory, regulatory or governmental entity against the foreign board of trade, the clearing organization or any of their respective senior officers during the past year.

(6) For both the foreign board of trade and the clearing organization (unless addressed in Supplement S-1), a confirmation that the regulatory regime/authority governing the activities of the foreign board of trade and the clearing organization agree to cooperate with a Commission staff visit subsequent to submission of the application on an "as needed basis," the objectives of which will be to, among other things, familiarize Commission staff with supervisory staff of the regulatory regime/authority; discuss the laws, rules and regulations that formed the basis of the application and any changes thereto; discuss the cooperation and coordination between the authorities, including, without limitation, information sharing arrangements; and discuss issues of concern as they may develop from time to time (for example, linked contracts or unusual trading that may be of concern to Commission surveillance staff).

Response:

Commission staff conducted an on-site due diligence visit of BVMF as part of the Commission's consideration of BVMF's 2008 No-action Request. During that visit Commission staff met with staff of the CVM.

BVMF has requested that the CVM confirm to the Commission BVMF's current regulatory good standing and confirmation of its status. BVMF expects that CVM will communicate directly with the Commission under separate cover.

BVMF has also asked the CVM to confirm that the CVM would agree to cooperate with a Commission staff visit in connection with this Application on an "as needed basis," to

familiarize Commission staff with supervisory staff of the CVM; discuss the laws, rules and regulations that formed the basis of the application and any changes thereto; discuss the cooperation and coordination between the authorities, including, without limitation, information sharing arrangements; and discuss issues of concern as they may develop from time to time.

BVMF has requested that the CVM submit both of these confirmations directly to the Commission.