FORM FBOT—EXHIBIT G-4

Request: A description of the market surveillance program (and any related rules), addressing the following –

The dedicated market surveillance department or the delegation or outsourcing of that function, including a general description of the staff; the data collected on traders' market activity; data collected to determine whether prices are responding to supply and demand; data on the size and ownership of deliverable supplies; a description of the manner in which the foreign board of trade detects and deters market manipulation; for cash-settled contracts, methods of monitoring the settlement price or value; and any foreign board of trade position limit, position management, large trader or other position reporting system.

Response:

The market surveillance team of BSM monitors the market by reviewing post-trade data as soon as possible after the information becomes available. Usually, the raw market data is first analyzed using data mining programs, SAS and SMART (statistical analysis tool), which results in indicators that measure:

- overall financial performance
- day-trade performance
- unusual activity in specific markets
- trades between companies from the same financial group
- trades between funds managed by the same institution.

If an exception report is generated based on the post-trade data, the market surveillance team will make further specific inquiries relating to the flagged trading. In this regard, surveillance staff will open an inquiry when suspicious trades or trading patterns have been identified through various electronically-generated exception reports. The exception reports highlight various data, such as the price of a trade in comparison to general market conditions, and comparing current futures market data with respect to the price levels across commodities, across geographic markets and inter-temporally.

Also, BVMF monitors the market in real time in order monitor compliance with certain requirements, such as position limits with respect to the size of customer positions. Position limits are calculated both as an absolute number as well as a percentage of open interest and can be adjusted based upon BVMF's assessment of various risk factors.[1] In addition, BVMF applies intra-day Daily Price Fluctuation Limits to the contracts traded on the Exchange.[2]

The Exchange has available to it traders' position information with respect to traders' market positions through the clearing system. In this regard, each trader's positions at the end-customer level are separately identified through the account structure of the clearing system. Accordingly,

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[1] *See* Clearing House Operations Manual

[2] *Id.*

the positions for all traders, not just large traders, are known by the Exchange and a separate reporting system is not necessary to collect this information. Because this information is used for clearing purposes, it is highly reliable and verifiable. The regulators do not maintain a duplicate reporting system. The regulatory authorities have full access to any information, without restriction, about the participants' trading activity, regardless of the type/class of participant (clearing members, brokers, end-customers).

As noted above, BVMF imposes position limits on position size, which are actively monitored. The relevant rules and criteria are described in Circular Letter 052-2007, Attachment G-4-1. To monitor position limits, automated programs are used that generate exception reports. Staff will conduct individual monitoring, including personally contacting the Trading Rights Holder, in connection with positions that have resulted in an exception report being generated. BVMF monitors position size on a daily basis, with close scrutiny during a contract's delivery month or if the market participant is at the limit.

In addition to its routine surveillance with respect to position size, staff monitors the price of the futures contracts in relation to prices in the cash market. It may obtain cash market information through published sources or through direct discussions with knowledgeable persons.

As part of the overall surveillance of the markets, BVMF maintains a high level of surveillance with respect to trading on the exchange floors. Specifically, as discussed in more detail in Exhibit G-2, the Floor Director is responsible for monitoring the trading process. As described in Exhibit G-2, the trading area staff oversees the markets using the auction mechanism to correct or prevent practices that may result in price distortions or abnormal trading conditions. If the market is not able to correct the price distortion through the auction, the Floor Director will inform the Derivatives Clearinghouse and the Audit Officer to carry on the appropriate post-trade checks.