

BM&FBOVESPA on CME Globex

Frequently Asked Questions

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GENERAL

1. Who is BM&FBOVESPA?

BM&FBOVESPA – Bolsa de Valores, Mercadorias e Futuros is the entity formed by the merger of BM&F – Bolsal de Mercadorias e Futuros and BOVESPA – Bolsa de Valores de São Paulo, which occurred in May, 2008.

BM&FBOVESPA is the world’s third largest exchange and the second largest in the Americas, by market value. It has 80% of the total volume traded in Latin American stock exchange markets. BM&FBOVESPA is the only futures exchange in Brazil and largest in Latin America based on the number of futures contracts traded.

BM&FBOVESPA develops and manages systems for the trading and settlement of derivatives products, equities and securities.

2. What type of products does BM&FBOVESPA offer?

BM&FBOVESPA offers a broad and diverse list of contracts, which includes derivatives based on a variety of assets: interest rates, currency exchange rates, equities and equity indices, agricultural commodities and inflation indices (excluding spot United States dollar, gold and government-issued securities and equities).

3. What BM&FBOVESPA products will be on CME Globex?

All BM&FBOVESPA products eligible for trading will be available over CME Globex through two Market Data Platform FIX/FAST channels. All futures and options on futures contracts will be made available given necessary regulatory approval.

4. Is an order routing link the same as a hosting agreement?

No, the important distinction is that BM&FBOVESPA will continue to operate its own market on BM&FBOVESPA's current electronic trading system. All participants are subject to BM&FBOVESPA and Brazilian regulatory guidelines. The order routing link provides increased distribution by providing straightforward access to BM&FBOVESPA for CME Group customers.

5. Will there be Mock Trading?

Yes. Further details will be made available closer to the planned launch.

6. Will my BM&FBOVESPA orders be available over drop copy?

Yes, all data executed through an iLink session configured for drop copy will be available, including order routing on BM&FBOVESPA.

CONNECTIVITY

1. Do I need to certify to trade BM&FBOVESPA products? Will my ISV work for trading BM&FBOVESPA?

The interface to trade BM&FBOVESPA was designed to mitigate any impact on an existing CME Globex application. However, based on small differences between the exchange, certification is required to trade BM&FBOVESPA products.

The BM&FBOVESPA Client System Impact document contains more information about on the messaging interfaces and is available online at:

<http://www.cmegroup.com/globex/files/BMFonGlobexImpact.pdf>.

2. What if I want to trade BM&FBOVESPA products and my ISV or front-end application is not certified to trade BM&FBOVESPA products, what do I do?

Please contact your CME Group Globex Account Management (GAM) at (312) 634-8700 to begin the certification process.

The BM&FBOVESPA Client System Impact document contains more information about certification and is available online at:

<http://www.cmegroup.com/globex/files/BMFonGlobexImpact.pdf>.

3. Do I need a different firm or iLink session to trade BM&FBOVESPA products?

The order routing link to BM&FBOVESPA was designed to leverage your existing iLink session without any new sessions. Please contact your GAM representative to discuss any concerns about connectivity.

REGISTRATION & CLEARING BM&FBOVESPA

1. What do I need to do to trade on BM&FBOVESPA?

Non-Brazil domiciled customers wishing to trade BM&FBOVESPA products must comply with the registration procedures for non-resident investors set forth by the Brazilian Monetary Council (CMN) Resolutions 2689 and/or 2687. The steps are slightly different depending on what type of non-resident investor you are and what products you intend to trade. For most customers, a good starting point is to contact your CME Group Clearing Firm to see if it has an existing relationship with a BM&FBOVESPA broker.

2. What exactly are CMN Resolutions 2689 and 2687?

CMN Resolution 2689 allows access of nonresident investors to the Brazilian markets for securities transactions (fixed income, equities, derivatives, etc.).

The registration steps under Resolution 2689 include:

- Choose a legal representative in Brazil
 - The representative also provides account registration, local settlement, local custody, and reconciliation services
- Register accounts
- Choose a BM&FBOVESPA broker
 - The broker is responsible for the settlement of all transactions with a BM&FBOVESPA clearing member and BM&FBOVESPA Derivatives Clearinghouse

CMN Resolution 2687 allows access of nonresident investor to the Brazilian exchange-traded agricultural derivatives markets. The registration procedures involved under Resolution 2687 include:

- Choose a BM&FBOVESPA broker
- Register accounts and note the following:
 - Settlement of trades can be done directly in U.S. Dollars through a BM&F account at Citibank NY
 - Pledging of collateral can also be done in U.S. Dollars or U.S. Government Bonds through a BM&F custody account at Citibank NY

3. How do I find a broker at BM&FBOVESPA?

Your CME Group Clearing Firm may already have an established relationship with a BM&FBOVESPA broker. Please contact your clearing firm for details.

You can view the list of BM&FBOVESPA brokers on the CME Group and BM&FBOVESPA joint website: <http://www.cmegroup-bmfbovespa.com/pages/eng/brokeragehouses.asp>.

4. As a CME Group firm, how can my customers trade BM&FBOVESPA products?

Your customers must have a registered account with the BM&FBOVESPA Derivatives Clearinghouse. This may be achieved by one of the following options:

- Facilitating this process on the behalf of your customers, by establishing a commercial agreement with a BM&FBOVESPA broker, opening a 2689 omnibus account on behalf of your firm, then adding your customers as “passengers” on this account. This method carries numerous advantages, including a 24-hour turnaround time for new customer 2689 account setup.

Or

- Directing customers to establish an independent non-Brazilian investor account (2689 and/or 2687) and establish a relationship with a BM&FBOVESPA broker independently.

5. Do I need a special account setup to trade BM&FBOVESPA products?

Please refer to the CME Group and BM&FBOVESPA joint Web site for more information: <http://www.cmegroup-bmfbovespa.com/pages/eng/orderrouting.asp#account>.

6. Are there any special tax considerations in trading BM&FBOVESPA products?

Yes, being a non-resident investor at BM&FBOVESPA has tax implications and should be discussed with your BM&FBOVESPA Broker. Most Brazilian banks which offer services to nonresident investors provide legal and tax representation.

7. How does margin and collateral work with products traded at BM&FBOVESPA?

Margin and collateral related to derivatives products traded at BM&FBOVESPA must be pledged at BM&FBOVESPA Derivatives Clearing House.

BM&FBOVESPA adopts multilateral netting settlement. Settlement amount payments occur on a daily basis between the Clearinghouse and the Clearing Members.

Pledge of collateral is required for the end-customer, according to its portfolio's risk, assessed through stress scenario analyses. Besides the daily initial margin call that must be met by 13:00 (São Paulo local time), the Clearinghouse is able to update, at every 10 minutes, the collateral amounts required for each end-customer. This is achieved through intraday risk analysis, which helps the Clearinghouse determine if additional collateral deposit is needed.

For additional information on margin and collateral time schedule, please access the BM&FBOVESPA Web site at:

<http://www.bmf.com.br/portal/pages/clearing2/Derivativos/grade.asp?slocation=derivativos>

8. What can I use as collateral or variation payment?

If you are registered in Brazil as a nonresident investor under Resolution 2687, then cash settlement is in USD. Collateral is posted in USD or United States Treasury bonds at Citibank, New York, which is BM&FBOVESPA's settlement bank and where the BM&FBOVESPA Derivatives Clearing account is located.

If you registered in Brazil as a nonresident investor under Resolution 2689, then cash settlement takes place in Brazil, in Reals. Collateral must be posted in Brazil, in Reals or other Brazilian assets accepted by the Clearinghouse in accordance to BM&FBOVESPA's criteria (eligible assets, haircuts, etc.).

The Brazilian Central Bank is currently analyzing the allowance for all nonresident investors to pledge collateral in United States in USD.

9. Can I use excess collateral posted at CME Clearing to satisfy requirements at BM&FBOVESPA?

No, all collateral must be posted directly with the BM&FBOVESPA Derivatives Clearinghouse.

10. What are the fees to trade BM&FBOVESPA?

The joint CME Group and BM&FBOVESPA Web site provides detailed information regarding BM&FBOVESPA fees. You can access the files at:

Fee Example: http://www.cmegroup-bmfbovespa.com.br/pages/eng/documents/BMF_Fee_Example.pdf

Fee Formula: http://www.cmegroup-bmfbovespa.com.br/pages/eng/documents/BMF_Fee_Formulas.pdf

Fee General Information: <http://www.bmf.com.br/portal/pages/boletim2/custosOperacionais2.asp>

11. Do I need to complete any CME Globex schedules to trade BM&FBOVESPA products?

Generally, no additional schedules are needed; however, there are a few circumstances that may require updates so please contact your GAM representative with any questions.

FRONT END TRADING APPLICATIONS (ORDER AND MARKET ROUTING) & CERTIFICATION

1. How can I view market data and current quotes for BM&FBOVESPA products?

All BM&FBOVESPA products eligible for trading will be available over the Market Data Platform FIX/FAST channels like any existing CME Group product. To subscribe for BM&FBOVESPA products, add the defined channels to your Market Data Platform FIX/FAST application.

The BM&FBOVESPA Client System Impact document contains more information about market data and is available online at: <http://www.cmegroup.com/globex/files/BMFonGlobexImpact.pdf>.

2. How does the BM&FBOVESPA Credit Control work?

BM&FBOVESPA is implementing credit controls to satisfy Brazilian regulatory requirements. The credit controls are transparent to CME Group customers with the BM&FBOVESPA brokers responsible for applying and administering the setup. Credit controls are always checked before every order is actually sent to the trading engine.

The controls are defined by BM&FBOVESPA brokers at the account level for the following limits:

- Order size limit per instrument – buy
- Order size limit per instrument – sell
- Position limit per instrument – long
- Position limit per instrument – short
- Position limit per contract – long
- Position limit per contract – short

All limits are defined in number of contracts and position limits refer to new positions opened during the trading day (i.e. do not take into account pre-existing balances). Position limits always take into account the maximum potential position, given by the current position (executed trades) plus the accepted buy (long limit) or sell (short limit) orders.

3. How many contracts does BM&FBOVESPA trade electronically?

BM&FBOVESPA currently supports over 4,000 contracts in the Derivatives Clearinghouse, which are eligible for trading on CME Globex. This includes both futures and options on futures products.

4. Are there any differences in BM&FBOVESPA's trading engine relative to CME Globex?

There are a few differences in functionality with the BM&FBOVESPA's GTS trading engine in how messages are processed and what order types are supported.

The BM&FBOVESPA Client System Impact document contains the full list of supported functionality and messaging differences and is available online at: <http://www.cmegroup.com/globex/files/BMFonGlobexImpact.pdf>.

MARKET ASSISTANCE & SUPPORT

CME Group Globex Control Center

The CME Group Globex Control Center (GCC) is a state-of-the-art customer contact and market operations center, responsible for market operations, customer support and trading authorization for all electronic trading on engines supported by CME Group and orders routed through the CME Globex network infrastructure. The GCC is responsible for the final maintenance to allow a Trader to submit orders (on CME Group front ends) and for Trader ID for iLink sessions. Following this permissioning, the GCC becomes the primary point of contact within CME Group for exchanges and traders executing electronically.

BM&FBOVESPA Control Center

BM&FBOVESPA Control Center (CCB) is a market operations and customer support facility. The control center is responsible for market monitoring and for providing support to its participants on trading systems, order status and cancellation, technical assistance, and products and markets. The CCB also coordinates the activities with control centers of exchanges that have order routing agreements with BM&FBOVESPA.

1. What are the hours that I can trade BM&FBOVESPA products over CME Globex?

The BM&FBOVESPA derivatives market trading hours are from 09:00 - 18:00 (Sao Paulo local time). Trading hours may vary between product groups.

Details on trading hours can be found at:

<http://www.bmf.com.br/portal/pages/boletim2/HorariosNegociacao2.asp>.

2. Are there holidays in Brazil that will prevent me from trading BM&FBOVESPA Products?

Yes, there are Brazilian holidays when users will not be able to trade BM&FBOVESPA products.

A list of those holidays can be found at:

<http://www.bmf.com.br/portal/pages/servicos2/calendarioFeriados.asp>.

3. Are there any U.S. holidays that will prevent me from trading BM&FBOVESPA products?

No. Trading BM&FBOVESPA products can be done whenever BM&FBOVESPA is open for trading.

The CME Group holiday schedule can be found at: <http://www.cmegroup.com/holiday>.

4. How do I register users as contacts with the CME Group GCC?

Users can request their class A Clearing Firm complete the CME Group Schedule 3/4 to register them as GCC contacts. Registering with the GCC allows customers to receive market, functional and technical assistance, as well as assistance with network and connectivity issues.

The Schedule 3/4 can be found at: www.cmegroup.com/connectionagreement.

5. How and why do I contact the CME Group GCC?

The GCC can be reached at (312) 456-2391 from Sunday 14:00 Central Time (CT) to Friday 16:45 CT. The GCC can assist customers with critical assistance (order status and cancellation, confirmation of executions, investigation of error trades), market assistance (product specific questions such as scheduling, tick values, price banding), and technical assistance (connectivity issues, investigation of customer order latency reports, CME Group supported front end functionality questions and questions regarding CME Group trading support tools).

6. What information do I need to know when I call the CME Group GCC?

CME Trader ID (sometimes referred to as User ID), nature of inquiry, trade order number (TON), account number, session ID, buy/sell, quantity, instrument, order entry platform.

For more information on these parameters, please go to:
http://cmegroup.com/cmegroup/globex/trading-cme-group-products/files/Order_Cancellation_Information_FAQ_2_6_03.pdf.

7. I trade BM&FBOVESPA and other exchanges' products on CME Globex, who do I call for support?

If you have questions about BM&FBOVESPA orders or products or need support, call the BM&FBOVESPA CCB at [55 11 3272 7373].

For questions or support for products traded on the CME Globex platform, call the GCC at (312) 456-2391.

If you need to cancel all working orders due to technical issues, you must call both exchanges or let the GCC know you have working orders at both exchanges.

8. How do I register users as contacts with the BM&FBOVESPA CCB?

The registration for checking order status, order cancellation and trade cancellation will be done by your broker. Once you are registered a flag is set at the CCB that indicates the customer has direct access to GTS (DMA), and then the customer will have access to the CCB.

9. How and why do I contact the BM&FBOVESPA CCB?

The CCB can be reached via [55 11 3272 7373].

Phase 1 – Order routing from Globex to GTS
Monday 06:00 - to Friday 20:00 (São Paulo local time)

Phase 2 – Order routing from GTS to Globex
Sunday 16:00 – Friday 20:00 (São Paulo local time)

Note: The starting time on Sunday may vary because of day light savings schedule.

The CCB can assist customers with critical assistance (order status and cancellation, confirmation of executions, investigation of error trades), market assistance (product specific questions such as scheduling, tick values, price banding), and technical assistance (connectivity issues and investigation of customer order latency reports).

10. What information do I need to know when I call the BM&FBOVESPA CCB?

When you call the BM&FBOVESPA Control Center you will have to know your Brazilian broker number (6 digit number) and your account number with the Brazilian broker (6 digit number). It is important to note that for some specific activities, such as verifying orders status, requesting orders and trade cancellation, you will need to have been previously authorized by your BM&F broker.

11. How will the BM&FBOVESPA CCB inform me of error trades, market events, and holiday hours?

BM&FBOVESPA will have an e-mail notification system. In order to subscribe to this e-mail, please contact the BM&FBOVESPA Control Center. In addition to the notification system, BM&FBOVESPA also discloses notices to the market on its Web site:
http://www.bmf.com.br/portal/portal_english.asp.

Holidays and holiday trading hours can be found at:
<http://www.bmf.com.br/portal/pages/servicos2/calendarioFeriados2008.asp>.

BM&FBOVESPA currently does not report error trades to the market. This information is communicated only to the counterparties of the trades affected.

12. Can I use my CME Group account and trader ID to trade at BM&FBOVESPA?

Yes, you can submit orders to BM&FBOVESPA with your current CME Group account and trader ID, as long as the account is registered at BM&FBOVESPA and matches BM&FBOVESPA requirements. Please note that once orders are received at BM&FBOVESPA, there could be a translation process that occurs to process your order.

The BM&FBOVESPA Client System Impact document contains more information about the translation process and is available online at:
<http://www.cmegroup.com/globex/files/BMFonGlobexImpact.pdf>.

13. Can I use CME Group TeleSTAT to status/cancel my BM&FBOVESPA orders and trades?

No, TeleSTAT will not support order status/cancellation for BM&FBOVESPA products. Currently, TeleSTAT only supports orders/trades on the CME Globex platform.

14. Can I use CME Group FirmSoft to status/cancel my BM&FBOVESPA orders and trades?

Yes, customers can use FirmSoft to status/cancel orders traded at BM&FBOVESPA. Please contact your GAM representative with any questions.

15. How does daylight savings time affect trading BM&FBOVESPA contracts?

Daylight savings may impact trading in two different ways. First, it changes the time difference between Chicago and São Paulo. For example, during winter (Northern Hemisphere) the time difference will be four hours and during the summer (Northern Hemisphere) the time difference will only be two hours. In addition, BM&F may also make changes to the trading hours during this period to match trading hours in Chicago, New York or London. Details on trading hours can be found at <http://www.bmf.com.br/portal/pages/boletim2/HorariosNegociacao2.asp>.