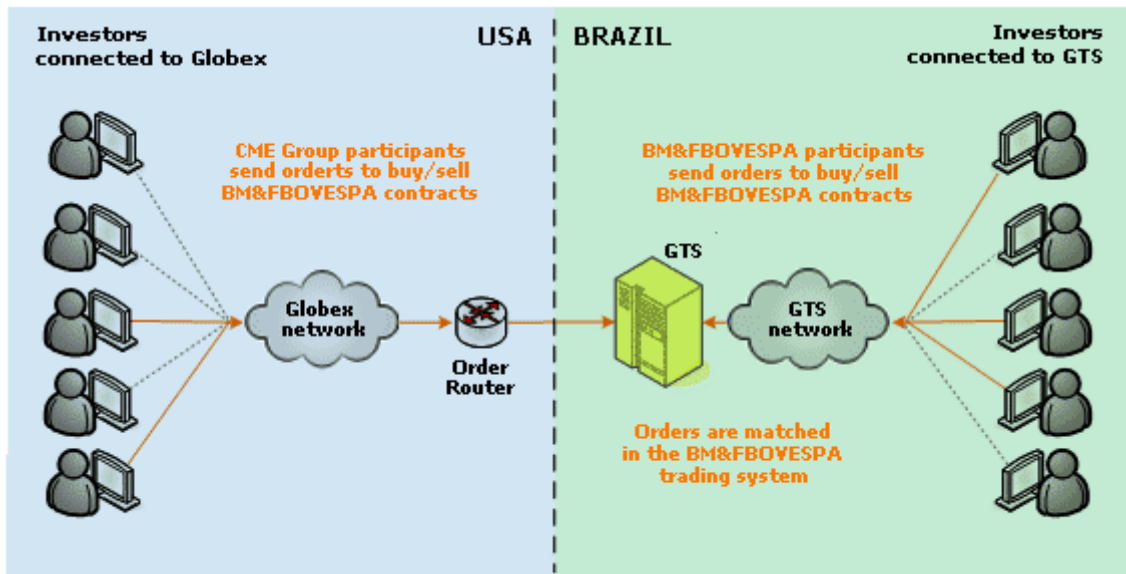


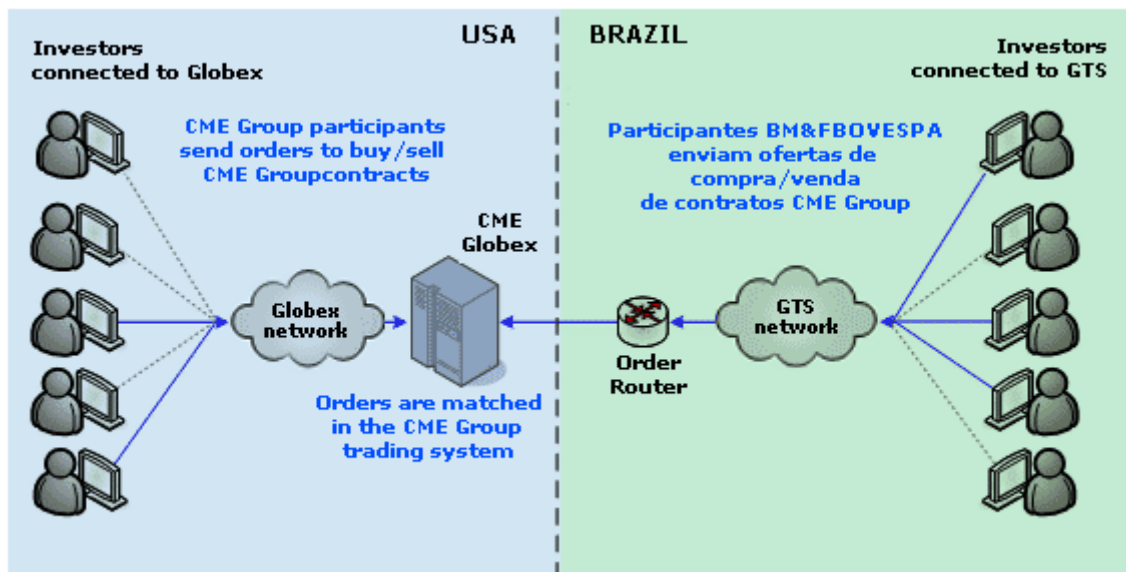
Order Routing

Characteristics of Order Routing

In order to make this order routing system viable, BM&FBOVESPA and the CME Group established a high speed and high capacity international connection between their respective data processing centers. By means of this connection, the GTS order book transmits in real time to the CME Globex users, and the CME Globex order book are transmitted in like manner to the GTS users. In addition, the buy and sell orders for BM&FBOVESPA contracts introduced on the CME Globex platform are automatically routed to the GTS system where they are matched against each other. In turn, the buy and sell orders for CME Group contracts introduced in the GTS system are also automatically routed to the CME Globex platform for the matching purposes.



Globex -> GTS order routing



GTS -> Globex order routing

Regardless of the fact that the BM&FBOVESPA contracts have been traded/routed by the CME Globex platform, they are settled by the BM&FBOVESPA Derivatives Clearinghouse in a process identical to that which normally occurs. This process includes all items related to the

settlement chain of responsibilities, since all clients who trade BM&FBOVESPA contracts on the CME Globex platform must be registered with a Brazilian brokerage house. In turn, the CME Group contracts traded/routed in the GTS system are settled by CME Clearing, also with no alterations to the existing settlement chain of responsibilities.

Other important characteristics of the order routing system are shown below:

- Limited impact on the CME Globex and GTS users. The utilization of CME Globex for trading BM&FBOVESPA contracts, and the utilization of GTS for trading CME Group contracts were designed in a way that minimizes the impact on the users of both platforms in that they do not require the development of new systems or software.
- Direct Market Access (DMA). CME Globex and GTS users are able to utilize the DMA model for trading BM&FBOVESPA and CME Group contracts. It should be noted that, in addition to the advantages of the DMA model, all the protection provided by the trading model that utilizes an intermediary agent will also be maintained, at least in respect to the BM&FBOVESPA contracts, inasmuch as the clients trading those contracts must always be registered with a member brokerage house through which their trades are settled. This brokerage house may also establish limits for its clients, as it deems necessary.
- Algorithmic trading. CME Globex and GTS users are also permitted to develop computer-based trading strategies, also known as automated trading systems (ATS).
- Credit limits. The order routing system are equipped with a tool for the verification of the quantitative limits applicable to the order quantities allowed per client, as established by the brokerage house where the client is registered. This verification takes place before the orders are accepted by the trading system. This trading limit tool was designed to be extremely fast and its latency is insignificant in the trading process.

Account Mapping

In order for BM&FBOVESPA to correctly identify the orders routed through CME Globex, the Brazilian broker responsible for a foreign client must link, in the BM&FBOVESPA participant registration system, said client's CME Globex account code to its account number in the BM&FBOVESPA Derivatives Clearinghouse. Once this link is established, the BM&FBOVESPA system are able to automatically identify the holders of the orders which are routed through the CME Globex system as well as the brokerage house responsible for them.

In turn, the orders routed from GTS to CME Globex have an identification system which functions in a similar manner.

Settlement and Risk Management

As previously mentioned, there is a BM&FBOVESPA member brokerage house in Brazil that is responsible for the registration of nonresident clients who route their orders to GTS through CME Globex, in order to allocate credit limits to these clients and to settle their trades. These clients are registered and subject to the provisions of either CMN Resolution 2687 or CMN Resolution 2689, depending on the case, and shall comply with all the requirements established by these regulations.

In like manner, there will always be a clearing member in the USA who is responsible for registration, allocation of credit limits, and settlement of trades by Brazilian clients in CME Group.

Settlement and custody services offered by the BM&FBOVESPA Settlement Bank

The principal objective of the BM&FBOVESPA Settlement Bank is to act as a facilitating agent in the settlement and custody processes which take place in the markets or systems managed by BM&FBOVESPA, reducing costs and entry barriers. Its systems are highly integrated with BM&FBOVESPA's trading and clearing systems, and its focus, integration, neutrality, and low costs provide its competitive edge.

In an effort to facilitate the access of CME Globex users to the BM&FBOVESPA products, and the access of GTS users to the CME Group products, the BM&FBOVESPA Settlement Bank is developing a series of ancillary services designed to provide support to the settlement processes of both intermediary and client at both Exchanges. Among these new services are:

For nonresident investors who trade BM&FBOVESPA products

- Legal and tax representation, and the opening of a nonresident investor account (under CMN Resolution 2689)
- Custody, settlement and trade control/reconciliation services
- Purchase and sale of foreign currencies

For Brazilian investors who trade CME Group products

- Trade settlement and collateral allocation services at CME Clearing
- Trade control/reconciliation services
- Purchase and sale of foreign currencie