BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

The Brazilian Securities, Commodities and Futures Exchange

2011 Financial Statements

BM&FBOVESPA

The New Exchange

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - 2011

Dear Shareholders,

A BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros (BM&FBOVESPA, Exchange or Company) is pleased to present you with the Management's Discussion and Analysis of Financial Condition and Results of Operations for 2012.

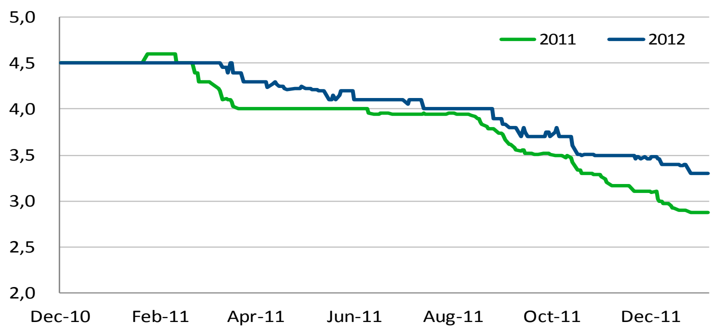
MACROECONOMIC CONDITIONS

After two years of feeble and uneven recovery from the financial crisis, the global economic and financial landscape in 2011 unveiled persistent weaknesses in developed economies. Events as the Eurozone sovereign debt crisis and market mistrust that European policy makers would successfully implement necessary fiscal adjustment programs in countries as Italy, Spain and Portugal, but particularly in Greece; the downgrading of the U.S. credit rating; the problem of deteriorating output growth; and the fears about China's economic slowdown, whose uncertainties lie in its size, all made up for an uneasy economic landscape.

Meanwhile, in the domestic front, the economy experienced contrasting half-year periods as Brazil's government made sensitive trade-offs between objectives and implemented measures shifting policy directions. Over the first half of the year, signaling concern about existing inflationary pressures, the government repeatedly raised the benchmark interest rate (Selic), adopting macroprudential measures to curb credit growth and consumer demand, and to arrest the persistent currency appreciation, in the latter case by expanding the taxation of financial transactions (IOF) and increasing the rates of existing IOF levies, among other things.

In the second half of the year, as the U.S. debt-ceiling crisis threatened global markets, and the Eurozone sovereign debt crisis deepened, putting the global economies, including Brazil, in further peril; and as expectations for domestic GDP growth in 2011 and 2012 pointedly declined (see the chart below), while industrial production weakened, the Brazilian government responded with fresh urgency in reducing the benchmark rate, shifting policies to incentivize consumer spending on durables, cutting taxes and loosening credit restrictions in an effort to stave off economic slowdown.

Evolution of expectations for GDP growth in Brazil (median, in %)



Source: Central Bank of Brazil

Some of the government's macroprudential measures had a direct impact on the domestic capital markets, including markets BM&FBOVESPA operates. Such was the case, for example, when in July 2011, seeking to stem hot money inflows to halt the currency appreciation, as the *real* rate had fallen to nearly R$1.50 to the U.S. dollar, the government broadened its financial transactions tax (IOF tax) to charge increases in short dollar exposures at a 1% rate. Then, in

December, a welcomed switch when the government removed the 2% IOF tax charged on hot money inflows for investments in equity securities and equity-based derivatives for non-residents.

STRATEGIC POSITIONING; OPERATING HIGHLIGHTS

In recent years the world has undoubtedly undergone transformative changes in global economic dynamics. Along the way, some emerging market countries have risen to prominence on the world stage primarily for their high potential for economic growth. This is particularly true for the original BRIC emerging economies, meaning Brazil, Russia, India and China.

The potential for high economic growth has elevated this country's profile enhancing its attractiveness as an investment destination. BM&FBOVESPA believes and invests in this potential, which is why we adopted and continue to implement a billion-dollar investment plan for the 2010-2013 period.

Thus, in 2011, we proceeded to implemented strategies aimed at capturing and multiplying opportunities the Brazilian markets offer, including opportunities to broaden the retail investor base; to widen the issuer base by promoting equity financing as one of the main sources of finance and a critical element in the sustainable development of the economy; to bolster the derivatives markets in the wake of further growth in foreign trade and credit availability (particularly through fixed-rate loan facilities) and because of the increased sophistication of market participants; and, not least important, opportunities to meet or anticipate investor demand for new products and markets as trading strategies become more elaborate and the capital markets more complex.

Consistent with these objectives, our capital expenditures largely aim at advancing and deepening the markets' technology infrastructure, as well as boosting our competitiveness through delivering technological efficiency. Highlights of our capital expenditure plan include (i) development and implementation of our new multi-asset class electronic trading platform, known as Puma Trading System™, whose derivatives and 'spot dollar' module was implemented in 2011, whereas the module for the trading of equity securities and equity-based derivatives is set to be launched in 2012; (ii) the project to integrate our existing clearing houses (for equities, derivatives, forex and bonds) into a single central clearing facility over the course of 2012, which includes the development and implementation of a multimarket clearing system in collaboration with a global provider of advanced financial technology; (iii) the project for a new, state-of-art OTC platform for fixed-income and other derivatives set to be launched late in 2012, for which we have engaged the services of a global application software provider; and (iv) the construction of a new Data Center designed to support our future growth and that of the markets we operate.

As part of our efforts towards expanding product offerings and strengthening markets we operate, we have put in place an options market-maker program designed to spur the options market liquidity, while assuring successful price formation and market stability; developed new stock market indices and authorized new exchange-traded funds; adopted initiatives to bolster the fixed-income market and further develop the Treasury Direct; announced new international initiatives and partnerships, including a cross-listing arrangement for futures contracts with the Chicago Mercantile Exchange (CME Group) and a cross-listing agreement with exchanges of Russia, India, Hong Kong and South Africa.

Additionally, we completed and unveiled the results of a comprehensive review of our pricing policies for the Bovespa and BM&F segments, which was designed to rebalance the fee structure across our trading and post-trade business lines so as to eliminate cross subsidies embedded in fee rates and align our rates with those that are practiced by major international markets.

With regard to market surveillance and regulation, as part of our efforts to strengthen and consolidate BSM *(BM&FBOVESPA Supervisão de Mercados)* as an autonomous and financially independent self-regulatory organization, enforcer and overseer of the markets, we transferred on its behalf control over R$92.3 million in restricted funds reserved and designed as a guarantee fund for use within the scope of BSM. By doing that, BSM will start to receive additional revenue from the management of this fund.

Operating performance highlights for 2011 within the BM&F segment include a 7.8% year-on-year rise in average daily traded volume in derivatives and a new record for the segment. This climb is attributable primarily to the volume of trading in Brazilian-interest rate futures contracts, the most actively traded contracts, followed by index-based futures and mini-sized contracts, whose year-on volumes soared 37.9% and 51.4%, respectively, and U.S. dollar-denominated interest rate futures contracts, with a 61.9% year-on surge in trading volume.

Trading volume for the stock market (Bovespa segment) was virtually unchanged from the earlier year, which is explained by a number of reasons but primarily – and more so towards the latter half of the year – by dwindling expectations that market forecasts could still be beaten. This prompted a decline of the market capitalization of listed companies[1] as the year drew to a close, with total average market capitalization of the stock market in the second half of 2011 giving back 10.0% first semester.

Nonetheless, outstanding segment highlights include (i) the volume of business registered at our securities lending facility (BTC), which shot up nearly 50.0% from one year ago; and (ii) the volume of trading on our Treasury Direct platform, which spawned over 50.0% new registered traders and an equally high jump in the volume of government bonds under custody.

However, as with the Bovespa Index (Ibovespa, the main indicator of the Brazilian stock market average performance), which tossed 18.1% on a year-over-year basis, the performance of BM&FBOVESPA shares (BVMF3) over 2011 was negatively influenced by the macroeconomic landscape, the unexciting performance of average volumes, the introduction of government measures to curb currency appreciation, and by news about possible competitor. As a result, while BVMF3 stocks remained the 8th most actively traded in the market, with average financial value traded at R$146.0 million and daily average volume of 13 thousand trades, the market price of our shares took a 25.4% year-on-year dive.

Our commitment towards controlling costs and expenses remains unwavering. It drove us to successfully bring them down the 2011 budget, such as announced in November 2011, and prepare our 2012 opex budget to match the improved results we achieved by setting the expense target at a lower range than originally proposed for the 2011 budget.

We also reaffirm our steadfast commitment towards returning for shareholders by consistently distributing dividends and interest on shareholders' equity at least in the equivalent of 80% of the net income, and by establishing share buyback programs, such as the one now ongoing, based on which we repurchased over 57 million shares in 2011 at a total of approximately R$606.0 million.

We should also say we have a firm belief in Brazil's potential for economic growth and in the strength and potential for future growth of the domestic capital markets. Moreover, we strongly believe our investments in technology, in market development and in an ever wider range of products and services strengthen the strategic position of BM&FBOVESPA.

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[1] Market capitalization is a measurement of the size of a public company equal to the share price times the number of shares outstanding by listed company. Despite a fall in the latter part of the year, the average market capitalization of the stock market in 2011 had climbed 1.3% from 2010.

DISCUSSION AND ANALYSIS OF OPERATING PERFORMANCE

Bovespa segment

The average daily trading value of R$6.5 billion for 2011 picked up just a thread from the earlier year, but still enough to hit an all-time record. This virtually unchanged performance is a result of a 1.3% year-on-year climb in average capitalization of the stock market and a slight increase in turnover velocity[2] (to 64.2% from 63.8%), driving a 1.1% rise in volume traded in cash equities. This climb, however, was quashed by a slump in combined average daily trading value in the forward and options markets[3].

The analysis of average daily trading value for the last five-year (2007-2011) and three-year (2009-2011) periods shows compound annual growth rates (CAGR) of 7.3%, and 10.8%, respectively. A year-over-year analysis of the fourth quarter, however, shows the market capitalization of listed companies declined towards the year end, which was an important driver of low-key market impetus to pursue profits in cash equities prompting a 5.5% tumble in average daily volume. On the other hand, turnover velocity for the quarter to December surged to 69.3% from 66.6% in the quarter to September softening the impact on volume from the dive in average market capitalization.

In the options market the average daily trading value plunged 10.3% from the prior year due primarily to significant concentration of trading in options on Petrobras and Vale stocks, whose the average value traded plunged 18.8% on a year-over-year basis. Options on Petrobras and Vale stocks accounted for 79.5% of the overall average value traded for that market in 2011. Moreover, retail traders, who typically account for substantially most of the volume (54.1% of the overall value traded on the options market in 2011), showed lukewarm disposition to trading in equity options. The forward market saw a similar trend, with average daily volume retreating 19.9% year-on-year, as retail traders and institutional investors showed less trading activity.

An analysis of 2011 volumes by sector stocks[4] shows the average daily trading value in basic materials stocks (such as Vale, CSN, Gerdau and Braskem and other raw materials companies) dropped 8.8% year-on-year. Basic materials stocks accounted for approximately 21.0% of the overall average daily traded value in cash equities. Another highlight, the average daily traded value in oil, gas & biofuel sector stocks (covering exploration and development of oil or gas reserves, oil and gas drilling, and biofuel companies, including top-traded Petrobras stocks) tumbled 11.6% year-on-year. Oil, gas & biofuel sector stocks accounted for 16.5% of the overall ADTV in cash equities. On the other hand, the ADTV in financial sector stocks (a

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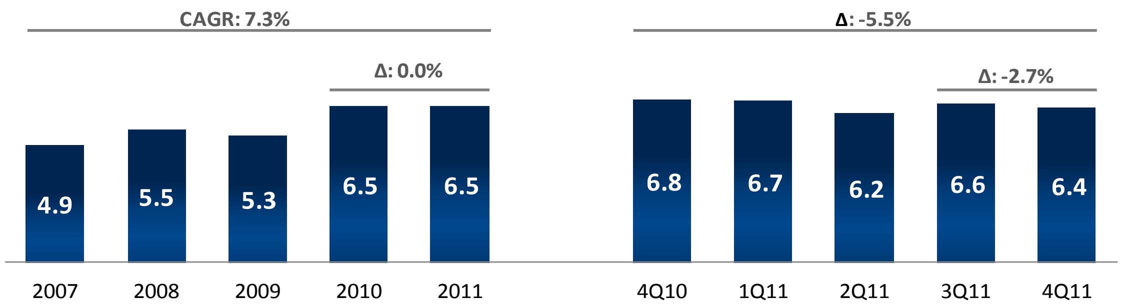
[2] Turnover velocity for the year is defined as the ratio of annualized turnover (value) of stocks traded on the cash market over a twelve-month period to average market capitalization for the same period.

[3] As with other options, an *option on a stock* is an (equity-based) derivative instrument that specifies a contract sold by one party *(option writer)* to another party *(option holder)*, which offers the buyer the right, but not the obligation, to buy *(call)* or sell *(put)* an underlying stock at a specified reference price (*strike price*) in the future or on a specified future date *(exercise date)*. In return for assuming the obligation to fulfill the transaction, the option originator *(writer)* collects a payment *(premium)* from the buyer. BM&FBOVESPA defines value traded in options on stocks as the aggregate financial value of premiums (taken with the meaning of current price of any specific option contract) paid on every option transacted on a particular date. A *stock forward contract*, or *forward on stocks*, is a binding contract between two parties to buy or sell a given stock or notional amount thereof *(underlier)* at a specified future time (the *settlement date*, on which the underlier and payment will be exchanged) at a currently agreed-upon price *(delivery price)*. The delivery price is equal to the forward price at the time the contract is due. The *forward price* of such a contract is contrasted with the cash price of the underlying stocks, i.e., the price at which the individual stocks would change hands on the stock market. The difference between cash price and the forward price is the *forward premium* or *forward discount*, generally considered in the form of a profit or loss, by the purchasing party. BM&FBOVESPA defines value traded in forwards on stocks as the aggregate financial value of the forward price (cash price plus premium) paid on every forward contract transacted in a given date.

[4] For the analysis of sector stocks, we compiled data on volumes traded in the top 50 most actively traded stocks in 2011, which accounted for 77.0% of the overall volume traded in cash equities (Bovespa segment).

financial services category which includes stocks of banks, insurance companies, credit card issuers, real estate developers and exchanges) went up 12.6% from the earlier year. Financial sector stocks accounted for roughly 19.0% of the overall volumes.

Bovespa segment – Average daily traded value evolution
(in R$ billions)

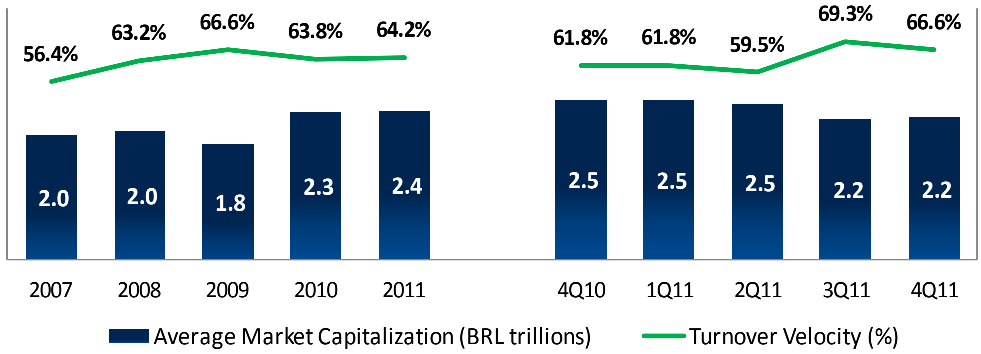


(In R$ millions)

Markets	2007	2008	2009	2010	2011	CAGR (2006-10)	Var. 2011/2010	4Q10	1Q11	2Q11	3Q11	4Q11	Var. 4Q11/4Q10	Var. 4Q11/3Q11
Cash	4,555.5	5,162.3	4,943.7	6,031.6	6,096.3	7.6%	1.1%	6,366.5	6,290.7	5,857.3	6,216.8	6,016.3	-5.5%	-3.2%
Forward	156.1	177.8	96.5	147.4	118.0	-6.8%	-19.9%	165.9	161.6	121.3	93.4	97.4	-41.3%	4.3%
Options	179.7	180.2	245.0	307.9	276.3	11.4%	-10.3%	260.0	282.6	227.2	287.8	307.6	18.3%	6.9%
Total	**4,895.1**	**5,525.5**	**5,286.8**	**6,488.6**	**6,491.6**	**7.3%**	**0.0%**	**6,793.9**	**6,735.4**	**6,205.8**	**6,599.7**	**6,422.0**	**-5.5%**	**-2.7%**

Source: BM&FBOVESPA.

Bovespa segment – Exchange average market capitalization and turnover velocity



Source: BM&FBOVESPA.

The average number of daily trades increased on both a year-on-year and quarter-on quarter basis primarily as a result of increased high frequency trading activity, which are characterized as being quantitative users small orders, driving down the average ticket size per trade.

In any event, we should note that our trading and clearing systems offer much greater throughput capacity than the current volume of business, and are ready to support the future growth of our markets.

Bovespa segment – Evolution in number of trades
(In thousands)

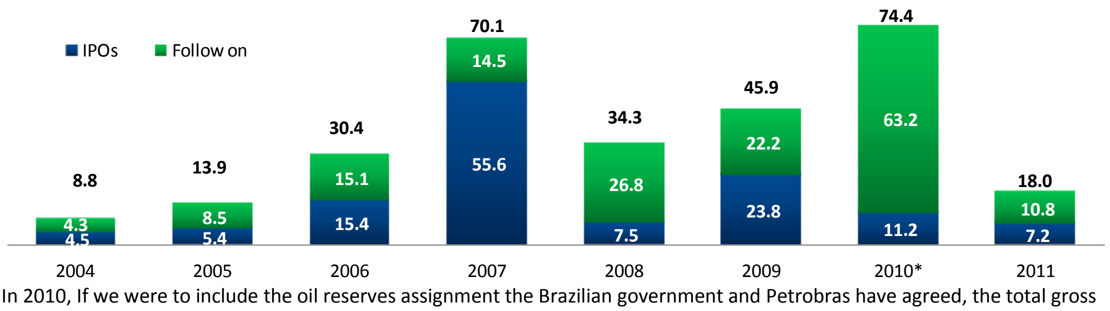
Markets	2007	2008	2009	2010	2011	CAGR (2007-11)	Var. 2011/2010	4Q10	1Q11	2Q11	3Q11	4Q11	Var. 4Q11/4Q10	Var. 4Q11/3Q11
Cash	113.6	195.1	270.6	349.8	476.5	43.1%	36.2%	385.9	409.2	422.1	540.6	530.6	37.5%	-1.8%
Forward	1.8	2.2	1.3	1.6	1.1	-10.3%	-26.7%	1.5	1.4	1.3	1.0	0.9	-38.1%	-5.2%
Options	37.5	47.8	60.4	79.3	89.6	24.3%	13.0%	81.0	89.8	80.2	86.2	102.5	26.6%	19.0%
Total	**152.9**	**245.1**	**332.3**	**430.6**	**567.2**	**38.8%**	**31.7%**	**468.4**	**500.4**	**503.6**	**627.7**	**634.0**	**35.4%**	**1.0%**

Source: BM&FBOVESPA.

The equity offering market slowed down over the year, with just 11 IPOs and 11 follow-on offerings, which in the aggregate raised gross proceeds of R$18.0 billion, far below the results for previous years. The slump was sharper in the second half of the year, as 14 of these 22 offerings were completed in the first two quarters to amass 77.4% of the overall gross proceeds from offerings carried out over 2011.

Bovespa segment – Equity offerings

(In R$ billions)



* In 2010, If we were to include the oil reserves assignment the Brazilian government and Petrobras have agreed, the total gross proceeds from offering would rise to R$149.2 billion.

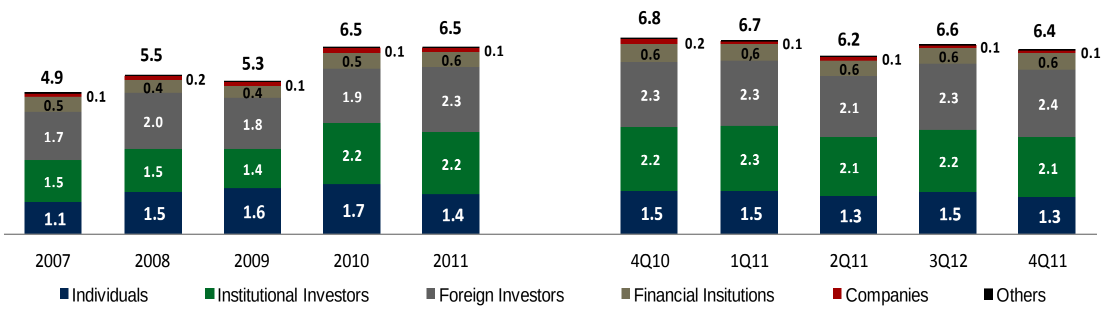
Source: BM&FBOVESPA.

The number of active custody accounts at end of 2011 fell to 611.2 thousand from 640.2 thousand one year earlier, being retail investors the bulk of this retreat. The retail average daily traded value plunged 18.6% year-on-year to R$1.4 billion.

In turn, the average daily traded value by foreign investors soared to R$2.3 billion from R$1.9 billion one year earlier, much of it explained by growth in high frequency trading since foreign investors account for most of the high frequency volume.

Bovespa segment – ADTV evolution by investor category

(In R$ billions)

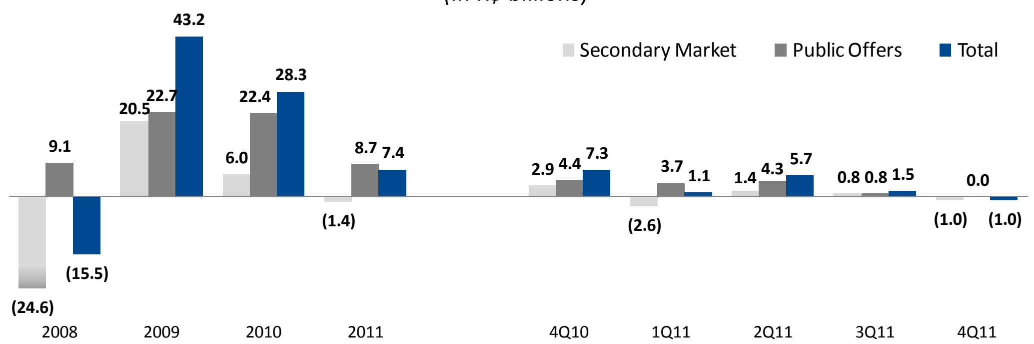


Source: BM&FBOVESPA.

In addition, the net flow of foreign investments hit R$7.4 billion, with a substantial chunk directed to the equity offering market, as foreign investments leaving the secondary market outstripped foreign inflows to close the year with negative net balance of R$1.4 billion.

Bovespa segment – Net flow of foreign investments

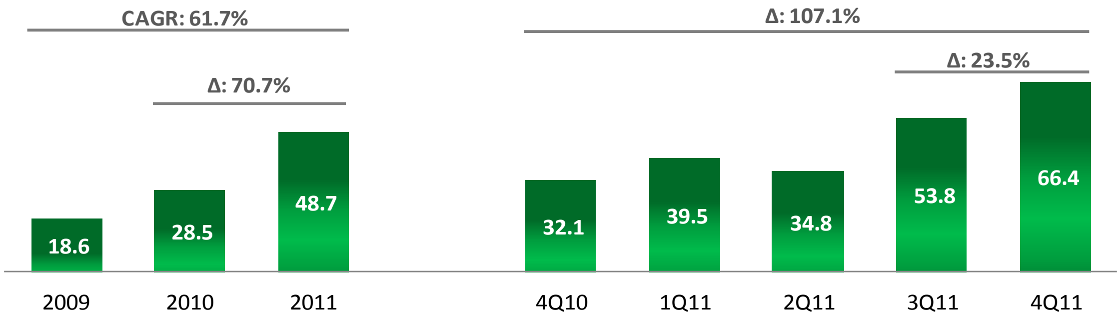
(In R$ billions)



Source: BM&FBOVESPA.

We should note that some of our recently developed investment offerings have been remarkably successful. This translated into outstanding performance, for example, in the case of the ETFs. The average daily traded value in ETFs (there are ten currently trading, three of which started in 2011) soared 70.7% year-on-year, and in a comparison of the quarters to December jumped 107.1% year-over-year.

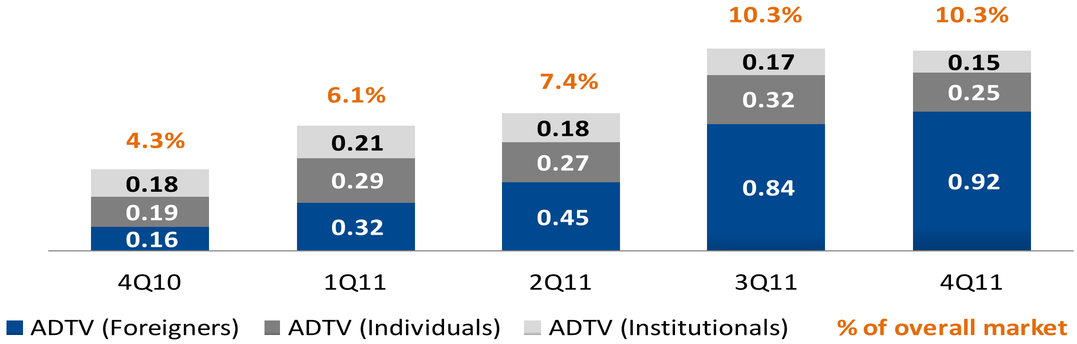
Bovespa segment – Average daily traded value in ETFs
(In R$ millions)



Source: BM&FBOVESPA.

In addition, we have been yielding positive results from the initiatives we took to boost technology and facilitate access to our markets, particularly through co-location arrangements, and from the discount pricing policy introduced in late 2010. For example, high frequency value traded increased significantly, shooting the daily average up by 10.3% year-on-year and the average for the quarter to December by 146.2% from the year-ago fourth quarter.

Bovespa segment – HFT average daily trading volume (buy + sell sides)
(In R$ billions)

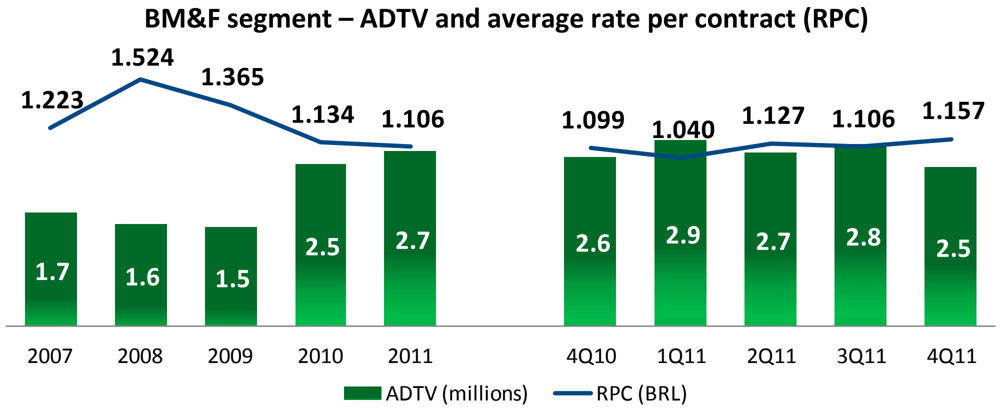


Source: BM&FBOVESPA.

Finally, in December 2011 the Brazilian government removed the 2% IOF tax charged on inflows for investments in equity securities and equity-based derivatives, which it first introduced in October 2009 in an attempt at curbing currency appreciation. While the true effects of this rather recent regulatory movement have yet to be properly assessed, it surely removes a competitive barrier which had given an edge to ADRs traded on U.S. markets and OTC investment alternatives offered abroad by global banks, such as TRSs (total return swaps), and may well boost foreign investment inflows driving an upsurge in trading volumes.

BM&F segment

The 2011 average daily trading volume climbed 7.8% year on year to hit 2.7 million trades in futures contracts and other derivatives, the highest on record for the derivatives markets (BM&F Segment). An analysis of average daily trading volume for the most recent five-year (2007-2011) and three-year (2009-2011) periods shows CAGRs of 11.6% and 33.2%, respectively.



Source: BM&FBOVESPA.

Brazilian-interest rate contracts make up the most actively traded contract group in the derivatives segment. The average daily volume for these contracts went up 6.7% year-on-year, which is explained primarily by two important factors, one being structural growth, the other market uncertainties about the direction of the Brazilian Government's monetary policy.

The structural growth factor correlates with economic growth in Brazil and the demand for hedge instruments it engenders. Heightened exposure to fixed interest rate risk incurred in transactions entered in the private lending market or the government bonds market increases the demand of lenders and debt security holders for hedge instruments capable of eliminating or mitigating risk that interest rates or a fixed rate's implied volatility will change. According to data compiled by the Central Bank, at December 31, 2011, the overall volume of fixed-rate lending had climbed 20.1% year-over-year, to R$747.2 billion from R$622.4 billion one year ago, whereas the portion of national debt paying fixed rates had grown 12.2%% to R$682.6 billion from R$608.4 billion the year before.

Market uncertainties about the direction of the Brazilian government's monetary policy are a second factor to explain the heightened volume of trading in Brazilian-interest rate contracts. The government's trade-offs between objectives and shifts in policy direction translate into volatility triggered by uncertainty and differing expectations by market participants about the direction of the benchmark rate and, thus, other interest rates as well. Early in the year Brazil's government adopted a restrictive monetary policy and the Central Bank raised the benchmark rate by 175 bps (to 12.5%) by July 2011. In August, in response to a deteriorating global economic outlook and slowdown in Brazil, the Central Bank caught the market unawares in a turnabout move that started a rate cut cycle with a 50 bps reduction in the interest rate. Policy shifts and uncertainties about the direction and pace of the changes in benchmark rate explain the record volumes traded in Brazilian-interest rate contracts, particularly over the quarters to March and September 2011.

BM&F segment – ADTV

(In thousands of contracts)

	2007	2008	2009	2010	2011	CAGR 2007-2011	Var. 2010-2011
Interest Rates in BRL	988.1	788.7	843.5	1,683.6	1,797.2	16.1%	6.7%
FX Rates	473.0	534.9	447.1	540.6	495.5	1.2%	-8.3%
Stock Indices	112.0	87.6	80.0	89.4	123.3	2.4%	37.9%
Interest Rates in USD	90.0	96.2	78.3	89.7	145.2	12.7%	61.9%
Commodities	10.1	14.9	10.2	12.9	13.2	7.1%	2.6%
Mini Contracts	57.8	40.5	52.6	75.6	114.4	18.6%	51.4%
OTC	11.5	12.4	9.3	12.9	11.7	0.5%	-8.9%
Total	**1,742.4**	**1,577.2**	**1,521.0**	**2,504.7**	**2,700.6**	**11.6%**	**7.8%**

	4Q10	1Q11	2Q11	3Q11	4Q11	Var. 4Q11/4Q10	Var. 4Q11/3Q11
Interest Rates in BRL	1,832.6	2,127.0	1,719.8	1,810.3	1,532.2	-16.4%	-15.4%
FX Rates	490.6	422.0	543.4	525.1	489.0	-0.3%	-6.9%
Stock Indices	88.8	87.7	101.4	143.4	159.6	79.8%	11.4%
Interest Rates in USD	100.3	127.5	186.8	142.7	123.3	22.9%	-13.6%
Commodities	14.9	10.3	15.2	17.0	10.2	-31.9%	-40.2%
Mini Contracts	78.0	76.7	91.2	155.7	131.7	69.0%	-15.4%
OTC	11.3	14.5	12.3	10.6	9.6	-15.2%	-9.4%
Total	**2,616.5**	**2,865.8**	**2,670.2**	**2,804.7**	**2,455.6**	**-6.1%**	**-12.4%**

Source: BM&FBOVESPA.

However, in the quarter to December 2011 market expectations had converged and there was little doubt about the government's moves to bring the reference rate down over time. As a result, the average daily volume traded in Brazilian-interest rate contracts tumbled 16.4% when compared to the same quarter one year earlier.

Additionally, in July 2011, in an attempt at stemming hot money inflows to curb the appreciation of the Brazilian *real* to the U.S. dollar, the government broadened its financial transactions tax (IOF tax) to charge increases in short dollar exposures at 1%.[5] Operating and financial data available thus far show this move had a rather negative impact on volumes traded in FX derivatives. A comparison of similarly volatile periods both before and after the government's move suggest this new tax prompted a 20% tumble in average daily trading volume, to 544.1 thousand contracts from 670.2thousand contracts previously.

BM&F segment – exchange rate volatility (R$:US$)

Source: BM&FBOVESPA.

Moreover, the average daily volume traded in Index-based derivatives contracts soared 37.9% year-on-year primarily due to increased volatility over the year, in particular the second half of the year, and due also to heightened activity by high frequency traders.

The average RPC has dropped 2.5% year-on-year across derivatives markets due mainly to:

- Year-over-year changes in the mix of derivatives contracts more actively traded, where volumes traded in U.S. dollar-denominated interest rate contracts and mini-sized contracts (the rates for which are lower than the average for other contract groups) built up to account for 5.4% and 4.2% of the overall volume for 2011 versus 3.6% and 3.0%, for 2010, respectively, whereas volumes traded in forex contracts accounted for a share of 18.3% of overall volume for the year versus 21.6% previously; and
- Year-on falls of 17.6% and 1.8% in average RPC charged for trades in U.S. dollar-denominated interest rate contracts and forex contracts, respectively, are explained by a 5.8% year-over-year average appreciation of the Brazilian *real* against the U.S. dollar, since our rates for these contracts are denominated in U.S. dollars.

[5] This new levy was introduced by Provisional Measure No. 539 dated July 26, 2011, and further regulation conveyed by Decree No. 7,536.

BM&F segment – average rate per contract (RPC)
(In Brazilian reais)

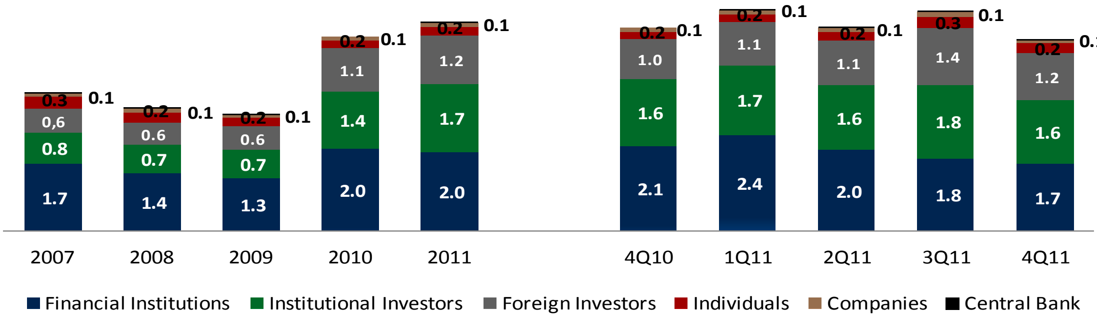
	2007	2008	2009	2010	2011	Var. 2011/2010
Interest Rates in BRL	0.950	1.140	0.979	0.889	0.918	3.3%
FX Rates	1.859	2.062	2.161	1.928	1.894	-1.8%
Stock Indices	1.501	2.142	1.619	1.564	1.614	3.2%
Interest Rates in USD	0.942	1.257	1.357	1.142	0.941	-17.6%
Commodities	3.194	3.585	2.307	2.168	2.029	-6.4%
Mini Contracts	0.054	0.162	0.176	0.128	0.129	0.8%
OTC	2.111	2.355	1.655	1.610	1.635	1.6%
Total	**1.223**	**1.524**	**1.365**	**1.134**	**1.106**	**-2.5%**

	4Q10	1Q11	2Q11	3Q11	4Q11	Var. 4Q11/4Q10	Var. 4Q11/3Q11
Interest Rates in BRL	0.860	0.843	0.930	0.975	0.939	9.1%	-3.8%
FX Rates	1.978	2.016	1.847	1.773	1.979	0.1%	11.6%
Stock Indices	1.719	1.639	1.753	1.493	1.626	-5.4%	8.9%
Interest Rates in USD	1.134	1.102	0.893	0.868	0.940	-17.1%	8.3%
Commodities	2.416	2.013	1.948	1.886	2.420	0.2%	28.3%
Mini Contracts	0.126	0.142	0.137	0.121	0.127	0.7%	4.7%
OTC	1.462	1.393	1.682	1.658	1.911	30.7%	15.2%
Total	**1.099**	**1.040**	**1.127**	**1.106**	**1.157**	**5.3%**	**4.6%**

Source: BM&FBOVESPA.

BM&F markets saw contrasting changes in the level of activity by investor category. While the volume of trading by financial institutions gave back 3.6% year-on-year and their share of the overall volume fell to 38.1% over the year from 42.4% in 2010, they remain as the most active group of traders in derivatives. In turn, institutional investors accounted for 32.5% of the overall volume (up from 29.6% one year ago), whereas foreign investors accounted for 23.0% of the overall volume (virtually a flat line from 22.4% in the prior year).

BM&F segment – ADTV by investor category (buy + sell sides)
(In millions of contracts)

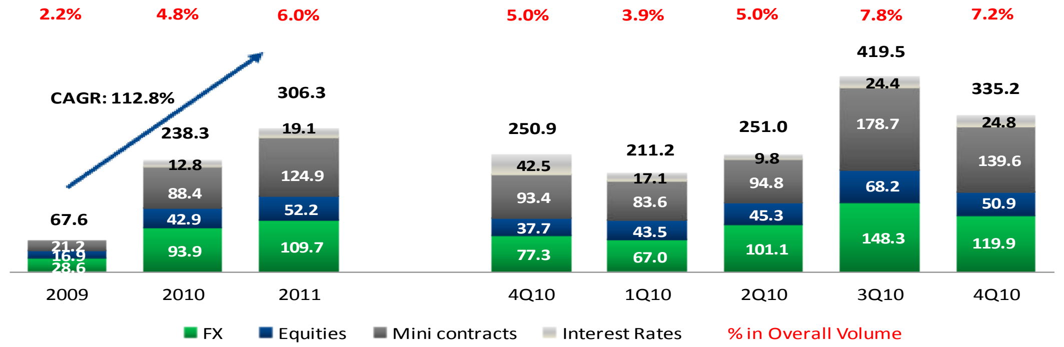


Source: BM&FBOVESPA.

Moreover, high frequency traders accounted for 6.0% of the overall volume for the year after hitting the unprecedented daily average of 306.3 thousand contracts (buy and sell sides). Additionally, we have yielded positive results from growth-driven initiatives started in 2009 (when we introduced direct market access - DMA alternatives as co-location arrangements, and reshaped our pricing policy for these investors), as expressed in CAGR of 112.8% for the high frequency average daily trading volume in the period from 2009 to 2011.

BM&F segment – HFT average daily volumes (buy + sell)

(In thousands of contracts)

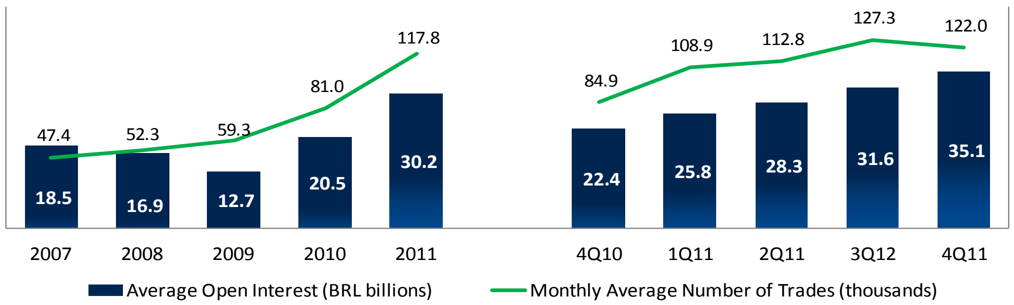


Source: BM&FBOVESPA.

Securities lending (BTC, the securities lending facility)

Securities lending has sustained the growth trend seen one year ago. The average daily value of open interest positions climbed 47.1% year-on-year, whereas the average daily number of lending and borrowing transactions registered at our securities lending facility jumped 45.4% year-on-year. Securities lending serves demand from trading or arbitrage strategies, is important to short selling and serves borrowing demand to avoid settlement fails. This growth in securities lending and borrowing unveils the increasing sophistication of participants in the domestic capital markets.

BTC – Open interest positions and number of transactions

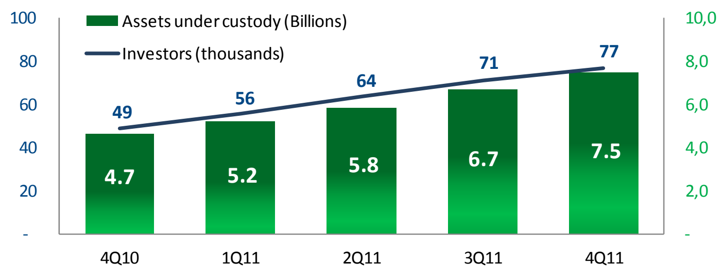


Source: BM&FBOVESPA.

Treasury Direct

Treasury Direct (*Tesouro Direto*) is a program we established in cooperation with the Brazilian Treasury and a platform we operate through our central securities depository for retail investors to trade in government bonds through the Internet and directly with the National Treasury. The number of retail traders actively doing business through this platform soared 56.7% year-on-year, to 77.0 thousand from 49.0 thousand previously, whereas the volume of Brazilian Treasury securities under custody at our depository jumped 61.1%, to R$7.5 billion from R$4.7 billion one year earlier. This growth reflects our successful strategies to further develop this investment alternative, including through incentives granted to brokerage firms that operate as part of the distribution network.

Evolution of the Treasury Direct activity



Source: BM&FBOVESPA.

DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE

Revenues

Gross revenues for 2011 of R$2,116.0 million were up 0.2% year-on-year primarily due to a 5.3% rise in revenues from trading and settlement fees earned in our BM&F segment and a 15.0% climb in other revenues unrelated to trading and settlement, which however were quashed by an 8.1% year-on decline in revenues from trading and settlement fees earned in our Bovespa segment.

Revenues from trading and settlement fees earned in the Bovespa segment. Revenues under this line item accounted for 45.6% of total gross revenues and amounted to R$964.7 million, an 8.1% tumble from the prior year which reflects the 5.6% drop in revenues from trading in equity securities and equity-based derivatives and from post-trade services for these markets (combined revenues from Trading and Settlement fees[6]). This drop is explained primarily by virtually unchanged average volumes coupled with a slump in basis point margins (5.79 bps versus 6.19 bps one year ago). This margin decline is due mainly to (i) the larger share of overall volume attributable to high frequency and day trading, from which we derive fees at lower than average margins; and (ii) a stumble in average volumes traded in equity-based derivatives on options and forward markets, as we charge higher than average fees for these trades. In addition, revenues unrelated to secondary market trading plummeted 50.7% year-on-year explained mainly by a lower amount of equity offerings but with the caveat that in the comparative year to December 31, 2010, the same line item ballooned on a whopping R$39.7 million revenue derived from fees related to the very large Petrobras and Banco do Brasil seasoned offerings.

Revenues from trading and settlement fees derived in the BM&F segment. Revenues under this line item accounted for 35.9% of total gross revenues and amounted to R$760.2 million, a 5.3% year-on-year climb explained by a 7.8% rise in average volumes traded, which, however, was not fully captured in the form of revenue on account of a 2.5% fall in average RPC.

Other operating revenues. Revenues unrelated to trading and settlement activities accounted for 18.5% of total gross revenues and amounted to R$391.0 million, a 15.0% year-on-year surge explained primarily to changes in revenue line items unrelated to trading and settlement activities, as follows:

- Depository, custody services. Revenues of R$91.4 million (4.3% of total revenues) went up 3.5% year-on-year. Specifically, the revenues from fees collected by our central securities depository rose 2.7% year-on-year due to a 2.3% rise in average number of custody accounts and a 0.7% lift in average financial value of assets under custody, not including custody of ADRs and custody services provided to foreign investors. Revenues from fees related to custody of Brazilian treasury bills (Treasury Direct) went up 8.1% year-on-year.
- Securities lending. Revenues of R$74.0 million (3.5% of gross revenues) soared 49.7% from R$49.4 million one year ago due mainly to a 47.1% upsurge in the average financial value of open interest positions (to R$30.2 billion from R$20.5 billion one year earlier).
- Market data sales. Revenues of R$65.0 million (3.1% of gross revenues) gave back 3.8% year-on-year due mainly to the August 2010 change in pricing policies, which slashed the fees we charge from retail traders doing business through our Home Broker platform, and impacted this line item for most of 2011.
- Settlement Bank. Revenues of R$20.5 million (1.0% of total gross revenues) surged 20.2% year-on-year on the increased volume of investor representation and other services the settlement bank provides.

[6] In August 2011 we revised our pricing policies and pricing structure for trading and post-trade services, which included a rebalancing review, thus affecting the comparability of line-by-line information on trading and settlement fees for 2011 and 2010.

- Other revenues. Revenues under this line item (1.9% of total) amounted to R$40.2 million, surging 105.9% year-on-year due primarily to R$22.6 million worth of reversed provision for contingencies and legal obligations and collection of credits owned by bankrupt company.

Expenses

Expenses totaled R$816.7 million soaring 28.9% year-on-year. The comparability of this line item, however, has been hampered by the transfer of R$92.3 million in restricted funds (Guarantee Fund) to BSM, which we recognized as an expense, and because of an increase in expenses with our stock options plan, after we recognized the effects of the amended program and additional option grants approved in January 2011, which is contrasted with absence of stock option grants in 2010. These extraordinary events are discussed below in further detail.

The adjusted expenses[7] totaled R$584.5 million, a 7.5% increase from the year before. Main changes in expense line items were the following:

Personnel. Expenses of R$351.6 million went up 21.2% year-on-year is due to collective bargaining agreements, growth in the average headcount and the increased recognition of stock option expenses and each of these factors explains about one third of that growth, as follows:

- the effects (on payroll) of around 7.0% salary increase required under our collective bargaining agreements of August 2011 and 6.0% under the August 2010 bargaining agreement;
- the average headcount climbed 17.8% year-on-year, to 1,426 employees from 1,211 employees the year before, which is in line with our growth strategy such that most new hirings occurred in technology and businnes development areas. We should note, for comparability purposes, that most 2010 new hirings (including the internalization of 143 outsourced IT personnel) were concentrated in the second half of the year thus affecting the average headcount only partially, whereas this headcount increase impacted fully in 2011; and
- the expenses with stock options plan increased by 73.4% year-on-year, to R$53.6 million from R$30.9 million earlier, as we recognized the effects of the amended program and additional option grants approved in January 2011, which is contrasted with absence of stock option grants in 2010.

After eliminating expenses with the stock options plan, adjusted personnel expenses amounted to R$298.0 million, up 15.0% from R$259.2 million one year ago.

Data processing[8]. Expenses totaling R$104.4 million went up just 2.7% year-on-year. The abovementioned internalization of IT personnel in 2010 was a factor in curbing a further increase in data processing expenses given our massive expenditures in modernizing and reshaping the technology infrastructure.

Depreciation and amortization. Expenses in this line item totaled R$75.2 million surging 37.2% year-on-year due primarily to the depreciation of property and equipment items, most of which we purchased in the second half of 2010.

Outsourced services. Expenses with outsourced services went up 7.7% year-on-year, to R$51.8 million from R$48.1 million in the prior year, due mainly to the hiring of consultants for various projects, including the auditing of market participants (brokers) for the Operational Qualification Program (PQO).

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[7] The expenses have been adjusted to eliminate expenses with depreciation, provisions, the stock options plan and taxes related to dividends received from CME Group, in addition to a transfer of restricted funds to BM&FBOVESPA Market Surveillance (BSM), such as discussed elsewhere herein. The purpose of these adjustments is to measure expenses after eliminating expenses with no impact on cash and non-recurring expenses.

[8] The expenses with outsourced IT services are registered in under the 'data processing' line item.

Marketing and promotion. Marketing expenses of R$38.6 million retreated 8.9% from the year before due mainly to a reallocation of resources to lower-cost marketing and promotion alternatives.

Contribution to MRP (Guarantee fund transferred to BSM). This expense results from a extraordinary and non-recurring transfer related to R$92.3 million in restricted funds passed to BSM. These restricted funds had been segregated from our assets and reserved as a Guarantee Fund within the scope of an investor compensation scheme in the case of claims against the MRP (Investor Compensation Mechanism Fund) managed by BSM. We had control of the Guarantee Fund. In line with our policy to strengthen and consolidate BSM as an autonomous and financially independent self-regulatory organization, enforcer and overseer of the markets, we transferred control and management of the Guarantee Fund and passed the funds to BSM, unifying the management of resources related to MRP. In doing so, we also passed on behalf of BSM any interest income earning on future financial investments of these funds.

Other expenses. This operating expense line item amounted to R$47.5 million and went up 13.7%.

Equity-method investment

Our net share of gain from the investment in CME Group (which we account for under the equity-method) totaled R$219.5 million, soaring 473.9% year-on-year, due to (i) an incremental gain in the CME Group results from an extraordinary reversal of the provision for taxes; but also (ii) because our investment in CME shares began to be accounted for as an equity-method investment only in the third quarter of 2010, thereby affecting the year-on-year comparability of this line item.

It is worth noting that this line item includes the recognition of R$62.9 million in taxes to be offset related to taxes paid abroad. Of this amount, R$44.9 million have been offset against current income tax and social contribution payable, such as discussed below.

Interest income, net

Net interest income for the year hit R$280.7 million, down 2.9% year-on-year. Interest revenue climbed 8.7% from the year before influenced by an increase in average interest rate earned on financial investments and higher average cash invested in short- and long-term investments. Net interest income was negatively influenced by an increase in interest expenses which were up to R$77.0 million from R$40.0 million one year ago due to the global senior notes we issued in a July 2010 cross-border offering.

Income tax and social contribution

Income before taxes totaled R$1,588.2 million, as compared to R$1,592.5 million one year ago, a 0.3% year-on-year decline.

The ‘income tax and social contribution’ line item totaled R$539.7 million for 2011 and comprises income tax and social contribution plus deferred income tax and social contribution. The line item breaks down into current income tax and social contribution amounting to R$49.4 million, R$44.9 million offset against income tax paid abroad (such as discussed previously under profit on equity-method investment) where just the difference of R$4.5 million impacted our cash generation.

Additionally, this line item includes R$490.3 million in income tax and social contribution deferred as follows:

- Recognition of deferred tax liabilities of R$498.3 million related to temporary differences attributable mainly to amortization of goodwill for tax purposes, with no impact on cash; and
- Recognition of deferred tax assets amounting to R$8.0 million and related to tax losses, negative tax base and tax credits related to other temporary provisions.

EBITDA[9] and net income

EBITDA for 2011 amounted to R$1,173.1 million, an 11.4% fall from the year before, reflecting mainly the changes in revenues and expenses we discussed. EBITDA Margin was 61.6% versus 69.7% in the earlier year.

Net income for the year ended December 31, 2011, amounted to R$1,048.0 million, 8.4% lower than R$1,144.6 million one year ago. This decline in net income is attributable to the effects from a relatively unchanged revenues and the upturn in operating expenses (particularly from the Guarantee Fund we passed to BSM).

The table below sets forth our calculation of EBITDA and EBITDA Margin.

EBITDA Reconciliation	2011	2010	Variation 2011/2010
	(In R$ millions)	*(In R$ millions)*	*(%)*
Net income	**1,048.0**	**1,144.6**	**-8.4%**
Minority interest	0.5	(0.1)	-806.7%
Income tax and social contribution	476.7	448.0	6.4%
Financial income	(280.7)	(289.0)	-2.9%
Depreciation and amortization	75.2	54.8	37.2%
Equity-method investment	(156.5)	(38.2)	309.2%
Tax related to the equity-method investment (dividends)	9.9	4.0	148.5%
EBITDA	**1,173.1**	**1,324.0**	**-11.4%**
EBITDA Margin	*61.6%*	*69.7%*	*-814 bps*

Consolidated balance sheet statement as of December 31, 2011

Main line items under Assets

As determined in our consolidated audited balance sheet statement as of December 31, 2010, total assets increased 4.2% year-on-year to R$23,589.9 million. Cash and cash equivalents, including short- and long-term financial investments totaled R$3,782.4 million and accounted for 16.0% of total assets. Non-current assets totaled R$21,188.8 million, where long-term receivables (including long-term financial investments) amount to R$1,767.4 million, the equity-method investment amounts to R$2,710.1 million, property and equipment amount to R$357.2 million and intangible assets amount to R$16,354.1 million.

Intangible assets consist primarily of goodwill correlated with expectations of future profitability related to the acquisition of Bovespa Holding. Goodwill has been tested for impairment in December 2011 and, pursuant to the valuation report prepared by an independent specialist firm, has required no adjustments to carrying value.

Main lines items under Liabilities and Shareholders' Equity

Current liabilities accounted for 8.2% of total liabilities at R$1,929.9 million, surging 36.3% year-on-year. This increase is due primarily to a climb in cash collateral pledged by market participants (to R$1,501.0 million versus R$954.6 million in the prior year). Noncurrent liabilities closed the year at R$2,402.5 million and consist primarily of debt issued abroad (global senior notes issued in a July 2010 US$612 million bond offering) at the amount of R$1,138.7 million and deferred income tax and social contribution amounting to R$1,204.6 million.

[9] EBITDA is earnings before interest, taxes, depreciation and amortization.

Shareholders' equity of R$19,257.5 million fell 0.8% year-on-year and consists mainly of capital stock of R$2,540.2 million and capital reserves of R$16,033.9 million.

<u>Other financial information</u>

Capital expenditures

We capitalized investments on the order of R$204.0 million in 2011, including R$183.4 million related to investments in technology infrastructure and resources and while R$20.6 million were related to other projects, especially on the Company's infrastructure improvements and modernization.

2012 Opex and Capex Budgets

In December 2011 we announced the 2012 opex and capex budgets, as follows: (i) the budget for adjusted operating expenses has been set within an interval between R$580 million and R$590 million, which is the same revised interval we announced in November in connection with our 2011 opex budget; and (ii) the capex budget has been set within an interval between R$230 million and R$260 million.

Payouts

Our board of directors declared over the year dividends and interest on shareholders' equity for the nine-month period to September 30, 2011, an aggregate of R$685.5 million. Moreover, at the coming annual shareholders' meeting we are set to submit to shareholders an additional dividends proposal of R$226.7 million relative to 2011 earnings, totalizing 87% of the GAAP net income attributed to the shareholders.

Share Buyback Program; cancellation of treasury stock

Over 2011, we had repurchased a total of 57.6 million shares at an average price per share of R$10.52 and aggregate price of R$606.1 million. Repurchases implemented within the scope of the buyback program approved on August 12, 2010 totaled 28.05 million shares, whereas the remainder, or a total of 29.55 million shares, we repurchased within the scope of the buyback program we adopted on June 16, 2011. Our ongoing share buyback program, which was first approved on June 16, 2011, has since been extended through to June 30, 2012, and expanded to authorize repurchases of no more than 60 million shares, twofold the originally approved number of shares.

Additionally, on December 13, 2011, our board of directors approved the cancellation of 64,014,295 shares held as treasury stock, such that our capital stock is now represented by 1,980,000,000 common shares.

OTHER HIGHLIGHTS

Pricing policy

Set forth the below are some of the main changes in pricing policy over the course of 2011.

- *<u>New pricing policy</u>*. In August and October 2011 we implemented changes in our fees for the Bovespa and BM&F segments, respectively, designed to eliminate cross subsidies embedded in fee rates across our trading and post-trade business lines. In reviewing the policy by segment we were concerned to ensure it would have 'neutral effect' relative to overall cost-by-trade for market participants and investors (per then existing fee structure), while adequately rebalancing the fee structure to correct price distortions. As a result of this review and rebalancing effort, the trading fees we now charge account for average 30% of the overall cost-by-trade within the Bovespa segment and 40% within the BM&F segment.
- *<u>Order entry and other fees charged within Bovespa segment</u>*. Aimed at boosting trading

volumes, we reviewed our pricing policies and revised the market access price schedule to cut fees charged for unexecuted orders in excess of the order-per-trade cap (implemented in March and December 2011), and the price schedule for technology services we provide to brokerage firms, which included cuts in fees for use of the Sinacor system (our integrated system for broker's management of back, middle and front-office activities) and for connection to the BM&FBOVESPA Communications Network, or RCB (March 2011). We should also note these changes, which had no significant impact on our revenues, are in line with our brokerage development strategy.

Products and Market Development

Set forth below is a discussion of the 2011 highlights from our special focus on developing new products that meet or anticipate investor demand.

- *Cross-listings of exchange-traded derivatives; agreements with the CME Group and exchanges from other emerging markets*. As part of our growth plan and internationalization initiatives geared towards expanding the investor base by attracting foreign investors to our markets, we have agreed and are developing cross-listing arrangements for mutual introduction of derivatives, as follows:
  - With the CME Group, cross listing of futures contracts, starting with listing of futures on Bovespa index (Ibovespa) in Chicago, and cash-settled soybean futures and e-mini S&P-500 futures contracts in Brazil; and
  - With exchanges of other emerging countries, meaning Russia's MICEX (Moscow Interbank Currency Exchange), the National Stock Exchange of India (NSE), BSE India (formerly, the Bombay Stock Exchange), the Hong Kong Exchange (HKEx) initially representing China, and the Johannesburg Stock Exchange of South Africa, in connection with cross-listings of benchmark stock index derivatives denominated in the exchanges' local currencies.
- *Options market makers*. In line with our strategic plan to widen and deepen the stock option market, we have implemented the first phase of our market making program, and announced market makers for options on stocks of seven issuers (shares of common stock issued by BM&FBOVESPA, OGX Petróleo and Banco do Brasil; shares of preferred stock issued by Itaú Unibanco, Usiminas (PNA), Bradesco and Gerdau) and for options on Bovespa Index (Ibovespa). Their services are now fully operational. We completed more recently another competitive process to select market makers for options on common stocks of Sid Nacional, PDG Realty and Cyrela.
- *New ETFs authorized to trade; new stock market indices*. Adding to seven previously listed ETFs, in 2011 we created and authorized the following new ETFs, which have since launched and began to trade in 2011:
  - ✓ "IT Now IFCN Index Fund" (tracks Financial Index – IFCN);
  - ✓ "IT Now ISE Index Fund" (tracks Corporate Sustainability Index – ISE);
  - ✓ "IT Now IGCT Index Fund" (tracks Corporate Governance Trade Index – IGCT);
  - Additionally, five new indices were created in 2011: "Dividend Index – IDIV; Basic Materials Index – IMAT; IGCT; Brazil Broad-Based Index (IBrA); and Public Utilities Index (UTIL). The ETFs for the first three were launched in 2012.
  - In addition, we plan to create ETFs that will seek to replicate the latter two indices and are set to develop Brazil's first fixed-income ETF.
- Organized OTC markets for derivatives and fixed-income securities. As part of our growth strategy for 2012 and efforts to strengthen our position as market operators, we intend to implement actions oriented towards widening and deepening the OTC markets for fixed-

income securities and derivatives. For this purpose, we are developing a new state-of-the-art OTC platform, such as discussed elsewhere herein.

Technology developments

Some of our key strategic drivers include providing market participants and investors with prime information technology resources and services. Thus, in line with our growth plan, we discuss below our principal ongoing technology initiatives.

- *Puma Trading System™*. We have now completed and implemented the first stage of our project for development and implementation of a multi-asset class electronic trading platform, a joint collaboration with the CME Group. The first stage, which we started in 2010, consisted of development, testing and implementation of the derivatives and 'spot dollar' module for the BM&F segment. This module is now fully operational. According to the existing work schedule, the development of the module for the trading of stocks is set to be concluded in the second half of 2012.
- *Integrated clearing facility*. Our project to combine the four clearing houses we operate into a single, fully-integrated, central clearing facility made headway in the fourth quarter of 2011, when we announced a partnership with Cinnober, a Sweden-based global provider of advanced financial technology, which will include a perpetual license for use of RealTime Clearing (RTC), their high performance, multi-asset, clearing and real-time risk management system. The RTC will be the backbone for our future multi-asset, multi-market, integrated clearing facility and for its technologically innovative, high performing capabilities, capacity, stability and security features. In addition, in the second quarter of 2011 we announced to domestic and international markets the development of CORE, or CloseOut Risk Evaluation, our new central counterparty multi-asset, multi-market risk management framework, and the lynchpin of a solid risk management system architecture. Our new central clearing facility has been planned to give us highly efficient, multi-asset, multi-market integrated risk management capabilities and the ability to offer highly efficient clearing and settlement services to market participants and investors, keeping the robustness of the current models.
- *New Data Center*. We have been making substantial investments in our technology infrastructure since 2010. This is part of our efforts towards reorganizing and streamlining our data centers to benefit from a truly modern, efficient, safe and high-performing technology platform, which will be better prepared to support our future growth. We centered our strategy on two primary data centers, one designed for our trading systems and applications, the other planned to house our post-trade systems and applications. One of our new data centers has been operational since June 2010, after relocating to a leased high-capacity hosting facility our team manages and operates. The other data center will be a brand new, especially planned and designed facility, tailor-made to meet our specific needs and demands. The construction of our new data center is set to begin soon (in 2012) and should complete in 2013.
- *New OTC trading platform*. In November 2011, in the context of our project for a new, streamlined, state-of-art OTC platform for fixed-income and other derivatives, we announced a partnership with Calypso Technology, Inc., a global application software provider of an integrated suite of trading and risk applications to financial and capital market institutions. The Calypso system will give us a new operating model for registration and treatment of OTC transactions and risk calculation, while offering nimble, flexible and cost efficient features and capabilities. The new OTC platform is set to be operational late in 2012.

CORPORATE GOVERNANCE

We believe having an efficient corporate governance structure is a key factor of BM&FBOVESPA's success and perpetuity as a market operator. Given that control is widespread and the ownership structure comprises over 70 thousand local and foreign shareholders, we believe it is critical for us to have a corporate governance structure befitting this diversified shareholder base, and capable of providing high standards of transparency and accountability.

In addition, given our role as self-regulatory organization, enforcer and overseer of the markets, we believe it is pivotal we ensure fairness is the lynchpin on which we build our relationship with all stakeholders.

The board is composed of eleven members, most of them independent directors, whose term is set to end at the time we hold our 2013 annual shareholders' meeting. Our directors are well-recognized, experienced professionals, highly knowledgeable of the markets in which we operate and the industry as a whole. Additionally, four standing advisory committees (namely, audit committee, nominations and corporate governance committee, compensation committee, and risk committee) assist and advise the board.

The Company has five executive officers led by a chief executive officer. The management also has the support of advisory committees and market advisory committees for cooperation between management and market participants regarding issues of keen interest to the capital markets, and may establish special committees and working groups, as necessary or convenient.

Furthermore, BM&FBOVESPA shares (BVMF3) trade on the *Novo Mercado* segment, a listing segment that requires issuers to observe higher corporate governance standards, to give all shareholders full tag-along rights and bans issuances of preferred shares (which under Brazilian Corporate Law are typically non-voting or restricted voting shares) .

In 2011, we gained recognition for the higher standards of corporate governance and transparency we practice when for the second time in a row, BM&FBOVESPA topped the "Corporate Governance" rank of "Best Companies for Shareholders" published by the *Capital Aberto* magazine, .

Internal Audit

Our internal audit team has the mission of providing our board, the audit committee and management with independent, objective, impartial and timely assessment of the effectiveness of our risk management practices, suitability of our internal controls and level of compliance with rules and regulations applicable to our operations and those of our subsidiaries, for this purpose adopting a systematic, disciplined approach. In addition, as part of their responsibilities, the internal audit team monitors the development and implementation of action plans across our Company, regards of the side of business, with the aim of continually improving processes and controls.

The internal audit department also monitors employee activities to ensure compliance with our securities trading policy and Code of Conduct, and reports its findings to the Code of Conduct Committee.

OPERATIONAL RISK MANAGEMENT AND INTERNAL CONTROLS

Information security policy

Given the significance and confidentiality of most of the information that flows and is processed and stored in our systems, we are particularly concerned to ensure our information security processes and internal controls are improved and strengthened on an ongoing basis. Thus, consistent with the information security management model implemented in 2009, pursuant to which we adopted multiple layers of controls, over 2011 the IT security team consolidated and improved on special workflow and automation tools designed to manage and control access privileges, and perform security monitoring within computer environments.

In addition, we consolidated our information security awareness program and implemented special training sessions for new employees.

Improvements to internal controls

Improvements to internal controls processes within our financial department consolidated over the course of 2011 giving management efficient and reliable tools to better control expenses and prioritize projects.

Over the year we also implemented initiatives that give us more efficient opex and capex budget management and control mechanisms, and that ensure we improve payments policies and costing by activity on an ongoing basis.

In addition, consistent with our commitment to pursue sustained improvements in internal controls effectiveness, in the process of preparing our 2012 budget proposal we adopted heightened management and mid-management accountability standards and detailed reporting guidelines, in addition to improving costing by activity methods.

Central counterparty risk – risk management

BM&FBOVESPA manages the following central counterparty clearing facilities absorbed during the exchange integration process of BM&F and Bovespa: (i) equities clearing house (formerly known as CBLC), (ii) derivatives clearing house, (iii) FX clearing house; and (iv) clearing house for government bonds and debt securities. The Central Bank considers these clearing facilities perform systemically material roles and they act as central counterparty (CPP) for these markets.

The central counterparty clearing facilities are responsible for providing efficiency and stability to the market by ensuring trades are properly cleared and settled. A CCP interposes itself between counterparties to financial transactions, becoming the buyer to the sellers and the seller to the buyers. Acting in the capacity of central counterparty, our clearing houses absorb the risks of the counterparties in-between a trade transaction and its clearing and settlement, carrying out multilateral activities for financial settlement and clearing of securities and financial assets, in the event of default resorting to certain safeguard mechanisms, or in extreme situations resorting to our own net assets. In modeling and managing CCP risks, we focus on calculation, controls and mitigation of credit risk intrinsic to clearing participants.

For proper risk mitigation, each clearing house has its own risk management system and safeguard structure. These structures comprise the universe of mechanisms and remedies a clearing house may resort to in order to cover losses from a participant's failed settlement. The key components of these safeguard structures include collaterals deposited by market participants, often in the form of margin, plus special funds intended to cover possible losses due to default and, in addition, co-liability undertaken by broker and clearing members regarding transactions they intermediate or clear.

Models adopted for margin calculation are stress-test based, meaning they are designed to assess market risk taking into account not only recent historical volatility in market prices, but also the possibility that unexpected events would imply behavioral change in price movements or lead to atypical market moves.

The primary parameters we use in calculating margin are stress scenarios the Market Risk Committee defines for risk factors that affect the prices of securities, futures contracts and financial instruments traded on BM&FBOVESPA markets. Key risk factors for stress testing include, among other things, the Brazilian *real* exchange rate, the forward structure of the Brazilian fixed rate yield curve; the forward structure of the Dollar-denominated Brazilian yield curve ("*cupom cambial*"), the Bovespa index and the cash market prices of stocks.

As of December 31, 2011, pledged collaterals amounted to aggregate R$178.6 billion, a 24.8% year-on-year increase from R$143.1 billion registered one year ago, due mainly to a 37.6% surge in collaterals pledged for transactions in equities, equity securities and corporate debt securities, in line with the open interest positions registered at our securities lending facility. The rise in collaterals pledged to our derivatives clearing house is likewise explained by a bulky trading volume but primarily by a jump in the year-end balance of open interest positions.

Pledged Collaterals

Clearing Houses	Dec/11	Dec/10	Variation
	(R$ millions)	*(R$ millions)*	*(%)*
Securities and Fixed Income	**69,770.1**	**50,702.5**	**37.6%**
Government Bonds	34,422.2	22,749.9	51.3%
Stocks	31,417.6	25,809.8	21.7%
Other*	3,930.3	2,142.7	83.4%
Derivatives	**104,195.5**	**87,534.7**	**19.0%**
Government Bonds	95,413.9	76,979.3	23.9%
Credit letters	3,090.1	3,538.5	-12.7%
Other*	5,691.5	7,016.9	-18.9%
FX	**3,448.6**	**3,921.7**	**-12.1%**
Assets	**1,142.3**	**928.8**	**23.0%**
Total	**178,556.5**	**143,087.7**	**24.8%**

* Pledged collaterals in the form of stocks, bank bonds and debt securities, international securities, bank credit letters, fund shares, gold and cash.

HUMAN RESOURCES

We are very proud of our commitment to strengthening our human resources practices. For this purpose we adopt a multi-dimensional human resources management model designed to assist us in creating an integrated process for contracting new roles, developing new competencies and improving value-adding practices and processes across our company. Key initiatives developed over 2011 in support of this model include action plans and programs as (i) *performance management,* in line with our commitment to meritocracy and personal development across company departments. The performance management process sets the foundation for rewarding excellence; and (ii) *wellness and quality of life*, as we believe these issues impact on employee turnover. Our program aims to raise awareness to the benefits of fitness, wellness and healthy work/life options, and to promote better quality of life practices in all its dimensions, including leisure and entertainment, helping employees manage the challenges of a career, achieve emotional balance and a balanced way of life. A 2011 highlight within the scope of our *wellness in the workplace* initiative was the employee satisfaction and engagement survey for which we hired the services of the local branch of the global research, consulting and training firm Great Place to Work Institute®. The survey polled employees to measure the internal climate, identify engagement issues and provide us with feedback on the emotional attachment and connection of employees to their work and the Company, and insight as to their expectations and aspirations. We used part of the results of this survey within the scope of our *Leadership Journey* program. Having been implemented in 2010 as part of our training initiative, this program focuses on developing and strengthening job mastery, professional development and leadership skills. At *Leadership Journey* training sessions geared to strengthen exercise of specific competencies targeting routine activities, managers and prospective managers were coached on 'evaluating' information compiled in the engagement survey. At end-2011, we had 1,455 employees and 88 interns.

SUSTAINABILITY – Socially and Environmentally Responsible Investments

Sustainability

In 2011, the main highlight was the program "*Em Boa Companhia*" (In Good Company), a corporate sustainability program, which we announced along with a publication designed as a 'first steps guide' to socially and environmentally responsible investments entitled "*Novo Valor* – Corporate Sustainability: How to begin; who to involve; what to prioritize". Moreover, we have developed the exchange-traded fund 'IT Now ISE Index Fund', which tracks BM&FBOVESPA Corporate Sustainability Index (ISE). And as an additional driver of sustainability, we are now urging listed issuers to state in their annual Reference Form whether they release a regular sustainability report (and where it can be found), or explain why not. For additional information, see our "Novo Valor" website, at (www.bmfbovespa.com.br/novo-valor).

Private social investing

The BM&FBOVESPA Institute is our community investing arm which operates with the vision of "being an incremental agent of Brazilian social capital" in a form or word play with the local meaning of *'capital social'*.

Social actions implemented over the course of 2011 through the BM&FBOVESPA Institute included an opportunity to build on our experience as traditional sponsors of a professional athletics team. Through the Institute's BM&FBOVESPA Athletics Club, we organized and will sponsor a young track & field team composed of young people from underprivileged backgrounds aged 6 to 18. Pole vaulter Fabiana Murer, an IAAF 2011 world champion (Daegu, South Korea) is a member of the professional track & field team we sponsor. Additionally, in 2011 we celebrated the 15th anniversary of our Job Training Association *(Associação Profissionalizante BM&FBOVESPA)*, which promotes social inclusion by investing in education actions targeting lower income communities in São Paulo and Rio de Janeiro, and a milestone of its Building Employability Skills (*Capacitação para Empregabilidade*) program, which has achieved a 75% employability rate. Furthermore, the BM&FBOVESPA Institute has restructured and is set to relaunch in 2012 the BVS&A Social Investment Exchange *(Bolsa de Valores Sociais e Ambientais)*, a program inspired in the operating model of a stock exchange, which works as a hub for investors interested in making and advancing socially and environmentally responsible investments. The Institute also engages in philanthropic actions and operates the BM&FBOVESPA Sports and Cultural Space *(Espaço Esportivo e Cultural)*, a center for young people to practice sports and engage in cultural and artistic activities, located in the overpopulated lower income district of Paraisópolis, in the state of São Paulo. For additional information, see the Institute's website at www.institutobmfbovespa.org.br.

SELF-REGULATION AND MARKET SURVEILLANCE ACTIVITIES

BM&FBOVESPA Market Surveillance (BSM)

BSM is a not-for-profit and financially autonomous functional entity responsible for performing market surveillance, oversight and enforcement activities relative to the markets operated by BM&FBOVESPA and, thus, to ensure market integrity and protect the investing public. The discussion below highlights some of these initiatives.

Over 2011 BSM continued to pursue and implement plans to enhance market surveillance and stop market abuse and analysis on transactions through DMA, as well as to strengthen and streamline detection and surveillance processes. Specifically, BSM implemented the SMARTS Integrity platform, which will give us a highly efficient technology infrastructure to carry out real-time cross-market surveillance and ensure broker-dealer compliance. In addition, BSM has adopted a new method to monitor high frequency trading, which among other things uses statistical surveillance and early detection tools.

Moreover, we have amended the bylaws of BSM to broaden its Oversight Board (now composed of 12 members, nine of whom are independent members), to expand broker auditing activities so as to cover also the operations of independent investment agents and, among other things, to establish a Board Strategy Committee.

The Board Strategy Committee will be responsible for the institutional representation of BSM, for interacting with local and international regulators and multilateral organizations of securities regulators, and for reviewing BSM’s strategies and operating practices from time to time, bringing in line with market requirements and the better recommended international standards. It is an obligation of this committee the periodical revision of BSM´s strategy e the proposition of new actions in order to strengthen its activities.

Oversight of issuers

BM&FBOVEPA exerts unrelenting efforts to strengthen and enforce market integrity and to improve regulatory instruments, for which purpose it acts in close cooperation with the market regulator. Accordingly, in December 2011, BM&FBOVESPA agreed a cooperation convention with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or CVM, regarding compliance monitoring and enforcement of reporting regulation and requirements applicable to issuers of listed securities.

This convention strengthens our relationship with CVM and our regulatory capacity, widening the scope of our oversight function. From January 2012, BM&FBOVESPA will hold delegated prerogatives to question and probe into improper reporting by listed companies. Furthermore, in order to avoid a duplication of oversight efforts, the Brazilian Securities Commission (CVM) will only intervene in the event of recalcitrant behavior or sustained noncompliance with the enforcement demands of BM&FBOVESPA.

INDEPENDENT AUDITORS

Our Company and subsidiaries have retained PricewaterhouseCoopers to audit the financial statements.

The policy that governs the engagement of external audit services by us and our subsidiaries is based on internationally accepted accounting principles, which preserve service independence and include the following practices: (i) the auditors cannot hold executive or managerial positions in the Company or its subsidiaries; (ii) the auditors cannot perform operating activities in the Company or its subsidiaries which could compromise the auditing function; and (iii) the auditors must be impartial in order to avoid conflicts of interest and loss of independence, and must be objective in their opinions and reports about the financial statements.

In the year to December 2011, the independent auditors and their related parties have provided no audit-unrelated services to us.

MANAGEMENT’S REPRESENTATION

As required under CVM Instruction 480, Management represents to have discussed, reviewed and agreed with the financial statements as of and for the year ended December 31, 2011 and the opinion expressed in the independent auditors’ report.

ADDITIONAL INFORMATION

This report contains a discussion and analysis of our 2011 operating and financial performance, as well as the principal developments and highlights of the year. For additional information about our Company and the markets we operate, see our Reference Form, a CVM filing accessible in our website and that of the Brazilian Securities Commission (CVM).

ACKNOWLEDGEMENTS

Finally, we wish to express our gratitude to employees for their commitment and dedication throughout the year, and to providers, shareholders, financial institutions and other stakeholders for their support over 2011.

BM&FBOVESPA S.A. –
Bolsa de Valores, Mercadorias e Futuros

Financial Statements as of December 31, 2011 and Independent Auditor's Report

(A free translation of the original in Portuguese)

Independent auditor´s report

To the Board of Directors and Shareholders
BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros

We have audited the accompanying unconsolidated financial statements of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros ("Company"), comprising the unconsolidated balance sheet at December 31, 2011 and the unconsolidated statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

We have also audited the accompanying consolidated financial statements of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros and its subsidaries ("Consolidated") comprising the consolidated balance sheet at December 31, 2011 and the consolidated statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management´s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting practices adopted in Brazil and of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in accordance with the accounting practices adopted in Brazil, as also such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor´s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the unconsolidated financial statements

In our opinion, the accompanying unconsolidated financial statements refered to above present fairly, in all material respects, the financial position of the BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros as of December 31, 2011, and its financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the accompanying consolidated financial statements refered to above present fairly, in all material respects, the financial position of the BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros and its subsidiaries as of December 31, 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with the accounting practices adopted in Brazil.

Emphasis

As described in Note 2, the unconsolidated financial statements were prepared in accordance with the accounting practices adopted in Brazil. In the case of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros, those practices differ from IFRS applicable to separate financial statements, only in reference to the accounting for the investments in subsidiaries and affiliates on the equity method, since IFRS would require them to be carried at cost or fair value. Our opinion is not qualified with respect to this matter.

Other matters
Statements of value added

We have also audited the unconsolidated and consolidated statements of value added (DVA) for the year ended December 31, 2011, prepared under the responsibility of management, which are required to be presented by Brazilian corporate law for public companies, and are supplementary information under IFRS, which do not require the presentation of the DVA. These statements were submitted to the same auditing procedures described above and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

São Paulo, February 14, 2012

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Luiz Antonio Fossa
Contador CRC 1SP196161/O-8

BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros

Balance Sheet

at December 31

(In thousands of reais) (A free translation of the original in Portuguese)

Assets	Notes	BM&FBOVESPA 2011	BM&FBOVESPA 2010	Consolidated 2011	Consolidated 2010
Current		3,348,607	3,010,770	2,401,134	2,547,589
Cash and cash equivalents	4 (a)	63,716	103,148	64,648	104,017
Financial investments	4 (b)	3,080,853	2,731,324	2,128,705	2,264,408
Accounts receivable	5	45,061	50,052	46,514	51,399
Other receivables	6	11,132	12,253	11,408	12,917
Taxes recoverable and prepaid		130,093	104,997	132,058	105,843
Prepaid expenses		17,393	8,996	17,442	9,005
Assets available for sale		359	-	359	-
Non-current		20,035,052	19,410,211	21,188,788	20,086,386
Long-term receivables		542,883	478,878	1,767,411	1,216,812
Financial investments	4 (b)	367,600	331,676	1,589,058	1,066,920
Deferred income tax and social contribution	19	80,550	54,687	80,550	54,687
Judicial deposits	17 (e)	94,178	91,889	95,048	92,378
Other receivables	6	555	626	2,755	2,827
Investments		2,785,455	2,353,046	2,710,086	2,286,537
Interest in associate	7 (a)	2,673,386	2,248,325	2,673,386	2,248,325
Interest in subsidiaries	7 (a)	112,069	104,721	-	-
Investment property	7 (b)	-	-	36,700	38,212
Property and equipment	8	352,590	362,400	357,164	367,134
Intangible assets	9	16,354,124	16,215,887	16,354,127	16,215,903
Goodwill		16,064,309	16,064,309	16,064,309	16,064,309
Software and projects		289,815	151,578	289,818	151,594
Total assets		23,383,659	22,420,981	23,589,922	22,633,975

The accompanying notes are an integral part of these Financial Statements.

BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros

Balance Sheet

at December 31

(In thousands of reais) (continued)

Liabilities and equity	Notes	BM&FBOVESPA 2011	BM&FBOVESPA 2010	Consolidated 2011	Consolidated 2010
Current		1,745,088	1,220,283	1,929,946	1,416,204
Collateral for transactions	17	1,501,022	954,605	1,501,022	954,605
Earnings and rights on securities in custody	10	39,038	34,791	39,038	34,791
Suppliers		56,038	80,775	56,409	80,828
Salaries and social charges		59,310	63,177	59,995	64,351
Provision for taxes and contributions payable	11	31,008	23,683	31,814	23,981
Income tax and social contribution		-	2,586	4,486	5,576
Interest payable on debt issued abroad and loans	12	33,566	33,154	33,566	33,154
Dividends and interest on own capital payable		4,177	2,773	4,177	2,773
Other liabilities	13	20,929	24,739	199,439	216,145
Non-current		2,397,571	1,797,933	2,402,485	1,798,723
Debt issued abroad and loans	12	1,138,659	1,010,059	1,138,659	1,010,059
Deferred income tax and social contribution	19	1,204,582	732,074	1,204,582	732,074
Provision for contingencies and legal obligations	14	54,330	55,800	59,244	56,590
Equity	15	19,241,000	19,402,765	19,257,491	19,419,048
Capital and reserves attributable to shareholders of BM&FBOVESPA					
Capital		2,540,239	2,540,239	2,540,239	2,540,239
Capital reserve		16,033,895	16,662,480	16,033,895	16,662,480
Revaluation reserves		22,532	22,971	22,532	22,971
Revenue reserves		804,025	847,658	804,025	847,658
Treasury shares		(521,553)	(613,903)	(521,553)	(613,903)
Carrying value adjustments - accumulated other comprehensive income		128,257	(88,680)	128,257	(88,680)
Additional dividend proposed		233,605	32,000	233,605	32,000
		19,241,000	19,402,765	19,241,000	19,402,765
Non-controlling interest		-	-	16,491	16,283
Total liabilities and equity		23,383,659	22,420,981	23,589,922	22,633,975

The accompanying notes are an integral part of these Financial Statements.

Statement of Value Added - Supplementary Information

Years ended December 31

(In thousands of reais, unless otherwise stated) (continued)

		BM&FBOVESPA		Consolidated	
	Notes	**2011**	**2010**	**2011**	**2010**
Revenue	20	**1,872,767**	**1,871,223**	**1,904,684**	**1,898,742**
Expenses		**(792,821)**	**(608,526)**	**(816,664)**	**(633,504)**
Administrative and general					
Personnel and related charges		(339,728)	(279,060)	(351,608)	(290,107)
Data processing		(100,619)	(98,074)	(104,422)	(101,690)
Depreciation and amortization		(73,428)	(53,010)	(75,208)	(54,818)
Outsourced services		(49,330)	(45,533)	(51,803)	(48,102)
Maintenance in general		(9,895)	(9,619)	(10,588)	(10,219)
Communications		(22,731)	(25,588)	(22,959)	(25,819)
Promotion and publicity		(38,100)	(41,756)	(38,609)	(42,376)
Taxes		(15,083)	(12,413)	(15,385)	(12,784)
Board and committee members' compensation		(6,262)	(5,841)	(6,262)	(5,841)
Contribution to the Mecanismo de Ressarcimento de Prejuízos	17	(92,342)	-	(92,342)	-
Sundry	21	(45,303)	(37,632)	(47,478)	(41,748)
Equity in results of investees	7	**225,710**	**39,665**	**219,461**	**38,238**
Finance results	22	**277,538**	**287,406**	**280,729**	**289,039**
Finance income		352,957	326,057	357,720	329,084
Finance expenses		(75,419)	(38,651)	(76,991)	(40,045)
Income before taxation of profit		**1,583,194**	**1,589,768**	**1,588,210**	**1,592,515**
Income tax and social contribution	19 (c)	**(535,195)**	**(445,207)**	**(539,681)**	**(448,029)**
Current		(44,936)	(2,586)	(49,422)	(5,408)
Deferred		(490,259)	(442,621)	(490,259)	(442,621)
Net income		**1,047,999**	**1,144,561**	**1,048,529**	**1,144,486**
Attributable to:					
Shareholders of BM&FBOVESPA		1,047,999	1,144,561	1,047,999	1,144,561
Non-controlling interest				530	(75)
Net income per share attributable to shareholders of BM&FBOVESPA (R$ per share)	15 (h)				
Basic				0.537789	0.572058
Diluted				0.536588	0.568172

The accompanying notes are an integral part of these Financial Statements.

BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros

Statement of Comprehensive Income

Years ended December 31

(In thousands of reais) (continued)

	BM&FBOVESPA		Consolidated	
	2011	**2010**	**2011**	**2010**
Profit for the year	**1,047,999**	**1,144,561**	**1,048,529**	**1,144,486**
Valuation adjustments	**216,937**	**(166,076)**	**216,937**	**(166,076)**
Mark-to-market of financial assets available for sale	-	(117,266)	-	(117,266)
Tax effects on mark to market of financial assets available for sale	-	39,870	-	39,870
Exchange variation on investment in foreign associate	297,278	(133,238)	297,278	(133,238)
Hedge of net investment in foreign operation	(128,275)	59,547	(128,275)	59,547
Tax effects on hedge of net investment in a foreign operation	43,613	(20,246)	43,613	(20,246)
Other comprehensive income of foreign associate	4,321	5,257	4,321	5,257
Total comprehensive income for the year	**1,264,936**	**978,485**	**1,265,466**	**978,410**
Attributable to:	**1,264,936**	**978,485**	**1,265,466**	**978,410**
Shareholders of BM&FBOVESPA	1,264,936	978,485	1,264,936	978,485
Non-controlling interest	-	-	530	(75)

The accompanying notes are an integral part of these Financial Statements.

BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros

Statement of Changes in Shareholders' Equity

Years ended December 31

(In thousands of reais)

		Attributable to the shareholders of BM&FBOVESPA											
					Revenue reserves								
	Nota	Capital	Capital reserve	Revaluation reserve (Note 15(c))	Legal reserve	Statutory reserve (Note 15(d))	Treasury shares (Note 15(b))	Valuation Adjustments	Aditional dividends proposed	Retained earnings	Total	Non-controlling interests	Total equity
At December 31, 2009		2,540,239	16,492,260	23,551	-	403,191	(230,102)	77,396	20,000	-	19,326,535	16,358	19,342,893
Mark-to-market adjustment of financial assets available for sale		-	-	-	-	-	-	(77,396)	-	-	(77,396)	-	(77,396)
Exchange variation on foreign investment		-	-	-	-	-	-	(133,238)	-	-	(133,238)	-	(133,238)
Hedge of net investment, net of taxes		-	-	-	-	-	-	39,301	-	-	39,301	-	39,301
Other comprehensive income of foreign associate		-	-	-	-	-	-	5,257	-	-	5,257	-	5,257
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**(166,076)**	**-**	**-**	**(166,076)**	**-**	**(166,076)**
Realization of revaluation reserve - subsidiaries		-	-	(580)	-	-	-	-	-	-	(580)	-	(580)
Repurchase of shares	15(b)	-	-	-	-	-	(435,115)	-	-	-	(435,115)	-	(435,115)
Disposal of treasury shares - exercised options	18	-	(34,930)	-	-	-	51,314	-	-	-	16,384	-	16,384
Recognition of stock option plan	18	-	30,921	-	-	-	-	-	-	-	30,921	-	30,921
Approval/payment of additional dividends proposed	15(g)	-	-	-	-	-	-	-	(20,000)	-	(20,000)	-	(20,000)
Reversal of fair value adjustments		-	-	-	-	-	-	-	-	460,610	460,610	-	460,610
Transfer to reserves		-	174,229	-	3,453	282,928	-	-	-	(460,610)	-	-	-
Net income		-	-	-	-	-	-	-	-	1,144,561	1,144,561	(75)	1,144,486
Appropriation of net income													
Dividends	15(g)	-	-	-	-	(248,000)	-	-	-	(434,475)	(682,475)	-	(682,475)
Interest on own capital	15(g)	-	-	-	-	-	-	-	32,000	(304,000)	(272,000)	-	(272,000)
Constitution of statutory reserve		-	-	-	-	406,086	-	-	-	(406,086)	-	-	-
At December 31, 2010		2,540,239	16,662,480	22,971	3,453	844,205	(613,903)	(88,680)	32,000	-	19,402,765	16,283	19,419,048
Exchange variation on foreign investment		-	-	-	-	-	-	297,278	-	-	297,278	-	297,278
Hedge of net investment, net of taxes		-	-	-	-	-	-	(84,662)	-	-	(84,662)	-	(84,662)
Other comprehensive income of foreign associate		-	-	-	-	-	-	4,321	-	-	4,321	-	4,321
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**216,937**	**-**	**-**	**216,937**	**-**	**216,937**
Effect of ownership increase		-	-	-	-	-	-	-	-	-	-	(322)	(322)
Realization of revaluation reserve - subsidiaries		-	-	(439)	-	-	-	-	-	-	(439)	-	(439)
Repurchase of shares	15(b)	-	-	-	-	-	(606,889)	-	-	-	(606,889)	-	(606,889)
Disposal of treasury shares - exercised options	18	-	(40,260)	-	-	-	57,284	-	-	-	17,024	-	17,024
Cancellation of treasury shares	15(b)	-	(641,955)	-	-	-	641,955	-	-	-	-	-	-
Recognition of stock option plan	18	-	53,630	-	-	-	-	-	-	-	53,630	-	53,630
Approval/payment of additional dividends proposed	15(g)	-	-	-	-	(406,086)	-	-	(32,000)	-	(438,086)	-	(438,086)
Net income		-	-	-	-	-	-	-	-	1,047,999	1,047,999	530	1,048,529
Appropriation of net income													
Dividends	15(g)	-	-	-	-	-	-	-	233,605	(535,546)	(301,941)	-	(301,941)
Interest on own capital	15(g)	-	-	-	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
Constitution of statutory reserve		-	-	-	-	362,453	-	-	-	(362,453)	-	-	-
At December 31, 2011		2,540,239	16,033,895	22,532	3,453	800,572	(521,553)	128,257	233,605	-	19,241,000	16,491	19,257,491

The accompanying notes are an integral part of these Financial Statements.

BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros

Statement of Cash Flows

Years ended December 31

(In thousands of reais) (continued)

	BM&FBOVESPA		Consolidated	
	2011	**2010**	**2011**	**2010**
Cash flows from operating activities				
Net income for the year	1,047,999	1,144,561	1,048,529	1,144,486
Adjustments for:				
Depreciation and amortization	73,428	53,010	75,208	54,818
Profit on sale of property and equipment	(1,102)	(183)	(1,116)	(183)
Software and projects write-off	7,795	4,802	7,795	4,802
Deferred income tax and social contribution	490,259	442,621	490,259	442,621
Equity in results of associates	(225,710)	(39,665)	(219,461)	(38,238)
Expenses related to the stock option plan	53,630	30,921	53,630	30,921
Interest expense	69,412	30,641	69,412	30,641
Provision for losses in accounts receivable	1,086	(92)	1,086	(92)
Financial investments and collateral for transactions	160,964	21,617	159,982	(1,609)
Taxes recoverable and prepaid	37,891	(53,854)	36,772	(54,699)
Accounts receivable	3,905	(10,918)	3,799	(11,102)
Other receivables	1,191	3,959	1,362	5,594
Prepaid expenses	(8,397)	(283)	(8,437)	(293)
Judicial deposits	(2,289)	(8,400)	(2,670)	(7,484)
Earnings and rights on securities in custody	4,247	2,894	4,247	2,894
Suppliers	(24,737)	59,457	(24,419)	59,386
Provision for taxes and contributions payable	7,325	(721)	7,833	(635)
Provisions for income tax and social contribution	(2,586)	1,700	(1,090)	1,879
Variation in salaries and social charges	(3,867)	20,652	(4,356)	21,114
Other liabilities	(3,810)	7,324	(16,706)	19,461
Provision for contingencies	(1,470)	7,590	2,654	7,143
Net cash provided by operating activities	**1,685,164**	**1,717,633**	**1,684,313**	**1,711,425**
Cash flows from investing activities				
Proceeds from sale of property and equipment	4,983	965	5,030	966
Payment for purchase of property and equipment	(45,504)	(164,508)	(46,070)	(164,548)
Payment for purchase of investment - CME	-	(1,075,119)	-	(1,075,119)
Dividends received	32,907	18,636	32,907	18,636
Proceeds from sale of assets not held for use	195	-	195	-
Capital increase in subsidiaries	(1,433)	(3,083)	-	-
Acquisition of softwares and projects	(168,582)	(107,180)	(168,582)	(107,180)
Net cash used in investing activities	**(177,434)**	**(1,330,289)**	**(176,520)**	**(1,327,245)**
Cash flows from financing activities				
Disposal of treasury shares - stock options exercised	17,024	16,384	17,024	16,384
Repurchase of shares	(606,888)	(435,115)	(606,888)	(435,115)
Changes in borrowings	(857)	(9,076)	(857)	(9,076)
New borrowings	-	1,069,406	-	1,069,406
Interest payed	(67,819)	-	(67,819)	-
Payment of dividends and interest on own capital	(888,622)	(972,541)	(888,622)	(972,541)
Net cash used in financing activities	**(1,547,162)**	**(330,942)**	**(1,547,162)**	**(330,942)**
Net increase (decrease) in cash and cash equivalents	**(39,432)**	**56,402**	**(39,369)**	**53,238**
Cash and cash equivalents at the beginning of the year	103,148	46,746	104,017	50,779
Cash and cash equivalents at the end of the year	63,716	103,148	64,648	104,017
	-	-	-	-

The accompanying notes are an integral part of these Financial Statements.

Statement of Value Added - Supplementary Information

Years ended December 31

(In thousands of reais)

(continued)

	BM&FBOVESPA		Consolidated	
	2011	**2010**	**2011**	**2010**
1 - Revenues	**2,082,106**	**2,082,349**	**2,115,983**	**2,111,539**
Trading and/or settlement system	1,724,947	1,771,365	1,724,947	1,771,365
Other operating revenues	357,159	310,984	391,036	340,174
2 – Goods and services acquired from third parties	**358,320**	**258,202**	**368,201**	**269,954**
Operating expenses (a)	358,320	258,202	368,201	269,954
3 – Gross value added (1-2)	**1,723,786**	**1,824,147**	**1,747,782**	**1,841,585**
4 - Retentions	**73,428**	**53,010**	**75,208**	**54,818**
Depreciation and amortization	73,428	53,010	75,208	54,818
5 – Net value added produced by the company (3-4)	**1,650,358**	**1,771,137**	**1,672,574**	**1,786,767**
6 – Value added transferred from others	**578,667**	**365,722**	**577,181**	**367,322**
Equity in results of investees	225,710	39,665	219,461	38,238
Finance income	352,957	326,057	357,720	329,084
7 – Total value added to be distributed (5+6)	**2,229,025**	**2,136,859**	**2,249,755**	**2,154,089**
8 - Distribution of value added	**2,229,025**	**2,136,859**	**2,249,755**	**2,154,089**
Personnel and payroll charges	339,728	279,060	351,608	290,107
Board and committee members' compensation	6,262	5,841	6,262	5,841
Income tax,rates and contributions (b)				
Federal	736,463	644,947	742,622	649,378
Municipal	23,154	23,799	23,743	24,232
Finance costs	75,419	38,651	76,991	40,045
Interest on own capital and dividends	685,546	738,475	685,546	738,475
Constitution of reserves	362,453	406,086	362,983	406,011

(a) Operating expenses (excluding personnel, Board members' compensation, depreciation, taxes and rates).

(b) Including: taxes and rates, PIS, COFINS, ISS and income tax and social contribution (current and deferred).

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The accompanying notes are an integral part of these Financial Statements.

1 Operations

BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros (BM&FBOVESPA) is a publicly-traded corporation whose objective is to carry out or invest in companies engaged in, the following activities:

- Management of organized securities markets, promoting for the organization, operation and development of free and open markets for the trading of any types of securities or contracts, that have as reference or objective financial assets, indices, indicators, rates, goods, currencies, energy, transportation, commodities and other assets or rights directly or indirectly related to thereto, for spot or future settlement;

- Maintenance of appropriate environments or systems for carrying out purchases, sales, auctions and special operations involving securities, notes, rights and assets, in the stock exchange market and in the organized over-the-counter market;

- Rendering services of registration, clearing and settlement, both physical and financial, internally or through a company especially incorporated for this purpose, assuming or not the position of central counterparty and guarantor of the definite settlement, under the terms of applicable legislation and its own regulations;

- Rendering services of central depository and custody of fungible and non-fungible goods, marketable securities and any other physical and financial assets;

- Providing services of standardization, classification, analysis, quotations, statistics, professional education, preparation of studies, publications, information, libraries and software on matters of interest to BM&FBOVESPA and the participants in the markets directly or indirectly managed by it;

- Providing technical, administrative and managerial support for market development, as well as carrying out educational, promotional and publishing activities related to its objective and to the markets managed by it;

- Performance of other similar or related activities authorized by the Brazilian Securities Commission (CVM); and

- Investment in the capital of other companies or associations, headquartered in Brazil or abroad, as a partner, shareholder or member pursuant to the pertinent regulations.

BM&FBOVESPA organizes, develops and provides for the operation of free and open securities markets, for spot and future settlement. Its activities are carried out through its trading systems and clearinghouses and include transactions with securities, interbank foreign exchange and securities under custody in the Special System for Settlement and Custody (Selic).

BM&FBOVESPA develops technology solutions and maintains high performance systems, providing its customers with security, agility, innovation and cost effectiveness. The success of its activities depends on the ongoing improvement, enhancement and integration of its trading and settlement platforms and its ability to develop and license leading-edge technologies required for the good performance of its operations.

The subsidiary Bolsa Brasileira de Mercadorias is engaged in the registration and settlement of spot, forward and options transactions involving commodities, assets and services for physical delivery, as well as securities representing these products, in the primary and secondary markets.

With the objective of responding to the needs of customers and the specific requirements of the market, its wholly-owned subsidiary Banco BM&F de Serviços de Liquidação e Custódia S.A. provides its members and its clearinghouses with a centralized custody service for the assets pledged as margin for transactions.

The subsidiaries BM&FBOVESPA UK Ltd. located in London and BM&F USA Inc., located in the city of New York (USA), and a representative office in Shanghai (China) represent BM&FBOVESPA abroad through relationships with other exchanges and regulators, as well as assisting in the procurement of new clients for the market.

2 Preparation and Presentation of the financial statements

This financial statements were approved by the Board of Directors of BM&FBOVESPA on February 14, 2012.

The financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil, in compliance with the provisions contained in the Brazilian Corporate Law, and embody the changes introduced through the Laws 11,638/07 and 11,941/09, complemented by the pronouncements, interpretations and guidelines of Accounting Pronouncements Committee – CPC, approved by resolutions of the Federal Accounting Council – CFC and rules of Brazilian Securities Commission – CVM.

The preparation of financial statements requires the use of critical accounting estimates and also the exercise of judgment by management in the process of applying the accounting policies of BM&FBOVESPA. Those areas that require higher degrees of judgment and have greater complexity, as well as areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3 (x).

(a) Consolidated financial statements

The consolidated financial statements are prepared and presented in accordance with accounting practices adopted in Brazil, including the pronouncements, interpretations and guidelines of the Accounting Pronouncements Committee (CPCs) and in accordance with International Financial Reporting Standards – IFRS, issued by the International Accounting Standards Board - IASB

The consolidated financial statements include the balances of BM&FBOVESPA and its subsidiaries, as well as special purpose entities comprising investment funds, as follows:

	Ownership %
Subsidiaries and controlled entities	
Banco BM&F de Liquidação e Custódia S.A. ("Banco BM&F")	100.00
Bolsa Brasileira de Mercadorias	50.12
Bolsa de Valores do Rio de Janeiro – BVRJ ("BVRJ")	86.95
BM&F USA Inc.	100.00
BM&F UK Ltd.	100.00
Investment funds:	
Bradesco Fundo de Investimento Multimercado Letters	
BB Pau Brasil Fundo de Investimento Renda Fixa	
HSBC Fundo de Investimento Renda Fixa Longo Prazo Eucalipto	
Araucária Renda Fixa Fundo de Investimento	
Supremo Renda Fixa – Fundo de Investimento em Cotas de Fundos de Investimento	
Megainvest Fundo de Investimento em Cotas de Fundos de Investimento Renda Fixa(1)	

(1) Proportionally consolidated based on the number of quotas held

The financial intermediation results from the operations of Banco BM&F, in the amount of R$8,985, previously disclosed as financial income in 2010, were reclassified to other operating revenues, with no effect on net income and shareholders equity.

(b) Unconsolidated financial statements

The unconsolidated financial statements of the BM&FBOVESPA are prepared in accordance with accounting practices adopted in Brazil, as issued by the Accounting Pronouncements Committee (CPC) and are published together with the consolidated financial statements.

In the unconsolidated financial statements (BM&FBOVESPA), subsidiaries using recorded on the equity method. The same adjustments are made both in the individual and consolidated financial statements to achieve the same result and net assets attributable to controlling shareholders.

3 Significant Accounting Practices

a. Consolidation

The following accounting policies are applied in preparing the consolidated financial statements.

Subsidiaries

Subsidiaries are all entities over which BM&FBOVESPA has the power to govern the financial and operating policies, generally accompanied by a participation of more than half of the voting rights (voting capital). The existence and effect of potential voting rights currently exercisable or convertible are considered when assessing whether BM&FBOVESPA controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to BM&FBOVESPA. Consolidation is discontinued from the date on which control ends.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. The accounting policies of subsidiaries are altered where necessary to ensure consistency with the practices adopted by BM&FBOVESPA.

Associates

Associates are all entities over which BM&FBOVESPA has significant influence but not control. Investments in associates are recorded on the equity method and are initially recognized at the cost of each purchase. BM&FBOVESPA's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment.

The share of BM&FBOVESPA in the post-acquisition profits or losses of associates is recognized in the statement of income and its share in post-acquisition changes in other comprehensive income recognized in other comprehensive income. The cumulative post-acquisition changes are adjusted against the carrying value of the investment. When the share of BM&FBOVESPA in the losses of an associate equals or exceeds its investment in the associate, including any other receivables, BM&FBOVESPA does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains arising from transactions between BM&FBOVESPA and its associates are eliminated to the extent of the participation of BM&FBOVESPA in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. The accounting policies of associates have been altered where necessary to ensure consistency with the practices adopted by BM&FBOVESPA.

b. Revenue recognition

Revenues from the trading and settlement systems are recognized upon the completion of the transactions or the provision of the service, under the accrual method of accounting. The amounts received as annual fees, as in the cases of listing of securities and certain contracts for sale of market information, are recognized pro rata monthly over the contractual term.

c. Cash and cash equivalents

The balances of cash and cash equivalents for cash flow statement purposes comprise cash and bank deposits.

d. Financial instruments

(i) Classification and measurement

BM&FBOVESPA classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets when they are first recorded.

Considering the nature and objective of BM&FBOVESPA and its financial investment portfolio, these are classified as financial assets at fair value through profit or loss, designated at inception.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets held for active and frequent trading (derivative financial instruments classified as current assets) or assets designated by the entity, at inception as measured at fair value through profit or loss at inception (other financial instruments (Note 4)). Gains or losses arising from the changes in fair value of financial instruments are recorded in the statement of income in "financial results" for the period in which they occur.

Loans and receivables

These comprise loans granted and receivables which are non-derivative financial assets with fixed or determinable payments, not quoted in an active market. Loans and receivables are included in current assets, except for those with maturity of more than 12 months after the balance sheet date (which are classified as non-current assets). The loans and receivables of BM&FBOVESPA comprise customer receivables and other accounts receivables. Loans and receivables are recorded at amortized cost, based on the effective interest rate method, reduced by any impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives which are classified in this category or not classified in any other. Available-for-sale financial assets are recorded at fair value. Interest on available-for-sale securities, calculated based on the effective interest rate method, is recognized in the statement of income as finance income. The amount relating to the changes in fair value is recorded in comprehensive income and is transferred to the statement of income when the asset is sold or becomes impaired.

Management periodically monitors its outstanding positions and possible risks of impairment of financial assets. Therefore, based on the nature of these assets (mostly highly liquid government securities), BM&FBOVESPA has no significant impairment history.

The carrying amount of financial assets is reduced directly for impairment. Subsequent recoveries of amounts previously written off are recognized in results.

Fair value

Fair values of investments with public quotations are based on current market prices. For financial assets without an active market or public quotation, BM&FBOVESPA determines fair value through valuation techniques, such as option pricing models.

(ii) Derivative instruments

Initially, derivatives are recognized at fair value on the date the derivative agreement is signed and, subsequently, they are measured at fair value, with the changes in fair value recognized in the statement of income, except when the derivative is recorded as a net investment hedge.

(iii) Hedge of net investments

Any gain or loss on the hedging instrument related to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss related to the ineffective portion is recognized immediately in the statement of income.

Gains and losses accumulated in other comprehensive income are transferred to the income statement when the hedged foreign operation is partially disposed of or sold.

(iv) Hedge effectiveness analysis

BM&FBOVESPA adopts the Dollar offset method as the methodology for retrospective effectiveness test on a cumulative and spot basis. For prospective analysis, BM&FBOVESPA uses stress scenarios applied to the range of 80% to 125%.

e. Accounts receivable, other receivables and allowance for doubtful accounts

Accounts receivable are amounts receivable for fees and services in the normal course of activities of BM&FBOVESPA. If the collection is expected in one year or less (or another period that meets the normal cycle of BM&FBOVESPA), the accounts receivable are classified as current assets. Otherwise, they are presented as noncurrent assets.

Customer receivables are initially recognized at fair value less provision for impairment. In practice they are usually recognized at the invoice amount, adjusted by a provision if necessary.

f. Prepaid expenses

Prepaid expenses mainly relate to software maintenance contracts and insurance premiums, and are amortized over the life of the contracts.

g. Non-current available for sale assets

Non-current assets are classified as available for sale when their carrying amount is recoverable, mainly through a sale, and when this sale is practically certain. These assets are measured at the lower of the carrying amount and the fair value less costs to sell.

h. Intangible assets

Goodwill

Goodwill represents the positive difference between the amount paid and / or payable for the acquisition of a business and the net fair value of assets and liabilities of the acquiree. Goodwill on acquisitions is recorded in "intangible assets". If the difference is negative, representing a negative goodwill, it is recognized as a gain in income at the date of acquisition. Goodwill is tested annually for impairment. Goodwill is stated cost less accumulated impairment losses. Recognized impairment losses on goodwill are not subsequently reversed.

Goodwill is allocated to Cash Generating Units (CGUs) for purposes of impairment testing. The allocation is made to the CGUs that should benefit from the business combination in which the goodwill arose, and are identified according to the operating segment.

Software and projects

Software licenses acquired are capitalized and amortized over their estimated useful life, at the rates mentioned in Note 9.

Costs of software development or maintenance are expensed as incurred. Expenditures directly associated with the development of identifiable and unique software, controlled by BM&FBOVESPA and which will probably generate economic benefits greater than the costs for more than one year, are recognized as intangible assets.

Amortization expense is recognized in the statement of income unless it is included in the carrying amount of another asset. In such cases, amortization of intangible assets used for development activities is included as part of the cost of the other intangible asset.

Expenditures for development of software recognized as assets are amortized using the straight-line method over their useful lives, at the rates described in Note 9.

i. Step acquisition of associate

The cost of an associate acquired in steps is measured as the total of the amounts paid in each transaction.

The gains or losses previously recognized in comprehensive income, while the investment was classified as available for sale, are reversed against the investment account, which is restated to cost.

Goodwill is calculated at each step of acquisition as the difference between the acquisition cost and the fair value of net assets in proportion to the interest acquired.

The total book value of the investment is tested for impairment, by comparing the carrying value with its recoverable amount (proceeds from sale, net of selling cost or value in use, whichever is greater) when the requirements of the CPC 38/IAS 39 indicate a potential impairment.

j. Property and equipment

Recorded at cost of acquisition or construction, less accumulated depreciation. Depreciation is calculated on the straight-line method and takes into consideration the estimated useful lives of the assets, and their residual value. At the end of each year, the residual values and useful lives of assets are reviewed and adjusted if necessary.

Subsequent costs are included in the carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits will be obtained and the cost of the item can be measured reliably. All other repairs and maintenance are recorded in the statement of income, as incurred.

Depreciation expense is recognized in the statement of income unless it is included in the carrying amount of another asset. Depreciation of fixed assets used for development activities is included as part of the cost of the related intangible asset.

k. Contingent assets and liabilities and legal obligations

The recognition, measurement, and disclosure of contingent assets and liabilities and legal obligations comply with the criteria defined in CPC 25/IAS 37.

- **Contingent assets -** These are not recognized in the financial statements, except when management has full control over their realization or when there are secured guarantees or favorable court decisions to which no further appeals are applicable, such that the gain is virtually certain**.** Contingent assets with realization considered probable, where applicable, are only disclosed in the financial statements.

- **Contingent liabilities -** These are recognized taking into account: the opinion of legal advisors; the nature of the lawsuits; similarity with previous cases; the complexity of the proceedings; and prior court decisions. They are recognized whenever the loss is evaluated as probable, an outflow of resources for the settlement of the obligations, and the amounts involved are measurable with sufficient reliability. The contingent liabilities classified as possible losses are not recorded and are only disclosed in the notes to the financial statements, and those classified as remote are neither recognized nor disclosed.

- **Legal obligations** – These result from tax lawsuits in which BM&FBOVESPA is challenging the validity or constitutionality of certain taxes and charges, recognized at full amount under discussion.

- **Other provisions** - Provisions are recognized when BM&FBOVESPA has a present obligation, legal or constructive, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

l. Judicial deposits

Judicial deposits are related to tax, civil or labor contingencies and are adjusted by inflation rate and presented in non-current assets.

m. Collateral for transactions

Comprises amounts received from market participants as collateral for default or insolvency. These amounts are initially recognized at fair value and subsequently at amortized cost. Amounts received (i) in cash are recorded as a liability and (ii) in other than cash are maintained in off-balance control accounts. Both types of collateral received are not subject to interest or any other charges.

n. Other assets and liabilities

These are stated at their known and realizable/settlement amounts plus, where applicable, related earnings and charges and monetary and/or exchange rate variations up to the balance sheet date.

o. Impairment of assets

Assets that have an indefinite life, such as goodwill, are not subject to amortization and are tested annually for impairment. The assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized at the amount by which the asset's carrying amount exceeds its recoverable amount. This latter amount is the higher of the fair value of an asset less selling costs and the value in use.

For purposes of evaluation of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units (CGU). The non-financial assets, except goodwill, which have suffered impairment are reviewed subsequently to analyze a possible reversal of the impairment at the balance sheet date.

p. Leases

Leases of property and equipment in which BM&FBOVESPA substantially assumes all ownership risks and benefits are classified as finance leases. These finance leases are recorded as a financed purchase, recognizing at the beginning of the lease a property and equipment item and a financing liability (lease). Property and equipment acquired in finance leases are depreciated over the shorter of the lease or their useful lives.

A lease in which a significant portion of the ownership risks and benefits remains with the lessor is classified as an operating lease. Operating lease payments (net of all incentives received from the lessor) are charged directly to profit or loss.

q. Employee benefits

(i) Pension obligations

BM&FBOVESPA maintains a defined contribution plan of retirement plan, with voluntary participation open to all employees. The participant's monthly contribution is 3.60% of salary. The sponsor's monthly contribution is also 3.60%, calculated on the total wages of the participants and allocated to participants through apportionment. The company has no obligations to make additional payments as a sponsor. The regular contributions are included in personnel costs. In the event of termination of employment prior to the date of retirement, the participant may keep the plan within the rules established by the regulation or request cancellation of the registration, and in this case, may choose for: (i) the transfer 100% of the reserve constituted by the participant´s contributions and according to the time of participation in the plan, up to 100% of the balance of the reserves constituted by the contributions of the sponsor, or (ii) the redemption of 100% of the reserve constituted of the participant's contributions, without any portion of the reserve balance constituted by the contributions of the sponsor. In any of the above options there is no additional cost to the BM&FBOVESPA.

(ii) Share-based remuneration (stock options)

BM&FBOVESPA maintains a long-term remuneration plan, structured by options granted to purchase the Company´s shares under the Stock Option Plan. The objective is to give to the employees of BM&FBOVESPA and its subsidiaries the opportunity to become shareholders of BM&FBOVESPA, obtaining a greater alignment between their interests and the shareholders' interests as well as allow BM&FBOVESPA and its subsidiaries to attract and keep their management and employees. The fair value of options granted is recognized as an expense during the vesting period (the period during which the specific vesting conditions must be met), which typically is the period in which the service is provided. At the balance sheet date, BM&FBOVESPA reviews its estimates of the number of options that will vest based on the established conditions. BM&FBOVESPA recognizes the impact of any changes to the original estimates, if any, in the income statement, with a counter-entry to a capital reserve in shareholders' equity.

(iii) Profit sharing

BM&FBOVESPA has semi-annual variable remuneration, organized and paid in cash through the Profit Sharing Program (PLR). The program defines the potential multiple of monthly salary, based on individual performance indicators, which consider factors specific to each function (job level), and indicators of the overall performance of BM&FBOVESPA, aiming to align the remuneration of employees with the short and medium-term results of the Company. The provision for the related expense is recognized in income on an accrual basis.

r. Borrowings

Borrowings are initially recognized at fair value, upon receipt of the funds, net of transaction costs. Subsequently, they are presented at amortized cost. Any difference between the funds raised (net of transaction costs) and the amount repayable is recognized in the income statement over the period of the loans, using the effective interest rate method.

s. Foreign currency translation

The items included in financial statements for each of the consolidated companies of BM&FBOVESPA are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Brazilian reais, which is the functional currency of BM&FBOVESPA.

Transactions in foreign currencies are translated into Brazilian Reais using the exchange rates prevailing on the transaction dates. The foreign exchange gains and losses arising from the settlement of these transactions and of the translation, at the exchange rates at the end of period, of assets and liabilities in foreign currencies, are recognized in the income statement, except when deferred in equity relating to a hedge of a net foreign investment.

Exchange differences on the net investments in foreign operations, which have a functional currency different from that of BM&FBOVESPA are recorded under "Valuation Adjustments" in other comprehensive income of BM&FBOVESPA, and are only taken to the statement of income when the investment is sold or written off.

Exchange gains and losses on to the investment in the shares of CME Group, classified as available for sale until July 2010, were included in other comprehensive income. After July 2010, the investment in the CME Group has been recorded on the equity method (Note 7) and the currency translation effects are recognized in the valuation adjustment in the comprehensive income.

t. Taxes

BM&FBOVESPA is a for-profit business corporation and accordingly its results are subject to certain taxes and contributions.

(i) Current and deferred income tax and social contribution

Current and deferred income tax and social contribution are calculated at 15% with an additional 10% on taxable income (surtax) which exceeds R$240 for income tax and 9% for social contribution and recognizes that compensation for tax losses is limited to 30% of net income. These rates have been substantively enacted at the year end.

Income tax and social contribution expense of the period comprise current and deferred taxes. Taxes on profit are recognized in the income statement, except to the extent that they relate to items recognized directly in equity or other comprehensive income. In this case, the tax is also recognized in equity or other comprehensive income.

Income tax and social contribution deferred taxes are calculated on tax losses for income tax, the negative basis of social contribution and the r temporary differences between the bases of calculation of tax assets and liabilities and the carrying amounts in the financial statements.

Deferred tax assets are recognized to the extent that it is probable sufficient future taxable profit will be available to offset temporary differences and/or tax losses, considering projections of future income prepared based on internal assumptions and future economic scenarios which may, accordingly, not materialize as expected.

Deferred tax liabilities are recognized in relation to all temporary differences that will result in amounts to be added in the calculation of taxable income for future years, when the value of the asset or liability is recovered or settled.

The deferred income tax and social contribution are determined using tax rates (and tax laws) enacted, or substantively enacted, at the balance sheet date, and should be applied when the deferred tax asset is realized or when the deferred tax liability is settled.

(ii) Other Taxes

The other taxes charged over trading, clearing and settlement fees and other services were calculated at the rates of 1.65% for PIS and 7.60% for Cofins, and are recorded as an adjustment to revenue in the income statement.

Banco BM&F de Serviços de Liquidação e Custódia S.A. calculates the contributions to PIS and to COFINS at the rates of 0.65% and 4%, respectively, and CSLL at 15%.

The subsidiaries Bolsa Brasileira de Mercadorias and BVRJ are not-for-profit entities and pay contribution to PIS at the rate of 1% on payroll.

BM&FBOVESPA and its subsidiaries pay ISS over the services rendered at rates ranging from 2% to 5% depending on the nature of the service.

u. *Earnings per share*

For purposes of disclosure of earnings per share, basic earnings per share is calculated by dividing the profit attributable to shareholders of BM&FBOVESPA by the average number of outstanding during the period. Diluted earnings per share is calculated similarly, except that the quantity of outstanding shares is adjusted to reflect the outstanding shares with potentially dilutive effects, under the stock option plan (Note 15(h)).

v. *Distribution of dividends and interest on capital*

The distribution of dividends and interest on capital to shareholders of BM&FBOVESPA is recognized as a liability in the financial statements at year end, based on the bylaws. Any amount above the minimum is accrued only on the date it is approved by the shareholders at a General Meeting. The tax benefit over the interest on own capital is recorded in the income statement.

w. *Segment information presentation*

Operating segments are presented in a manner consistent with the internal reports provided to the Executive Board, which is responsible for the main operational and strategic decisions of BM&FBOVESPA.

x. *Critical accounting estimates and judgments*

i. *Equity method of accounting*

BM&FBOVESPA applies the equity method for its investments when it has the ability to exercise significant influence. The judgment of BM&FBOVESPA regarding the level of influence over the investment takes into account key factors such as the percentage of interest, representation on the Board of Directors, participation in defining policies and business strategies and material transactions between the companies.

ii. Impairment

BM&FBOVESPA performs, annually or when required, tests of impairment, specifically related to goodwill and other non-financial/non-current assets, according to the accounting policy described in Note 3(o). See Notes 7 and 9 for sensitivity analysis.

iii. Classification of financial instruments

BM&FBOVESPA classifies in financial assets in the categories of (i) measured at fair value through profit or loss and (ii) available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. The basis for the original classification of financial instruments is described in Note 3(d).

iv. Stock option plan

BM&FBOVESPA offers a stock option plan to its management and employees and service providers. The fair value of these options is recognized as an expense over the period in which the right is acquired. Management reviews the estimated amount of options that will achieve the conditions for vesting and subsequently recognizes the impact of changes in initial estimates, if any, in the statement of income, and in equity, as shown in Note 3(q).

4 Cash and Cash Equivalents and Financial Investments

a. Cash and cash equivalents

		BM&FBOVESPA
Details	**2011**	**2010**
Banks - deposits in domestic currency	113	3,277
Banks - deposits in foreign currency	63,603	99,871
Total	**63,716**	**103,148**

(All amounts in thousands of reais, unless otherwise stated)

	Consolidated	
Details	**2011**	**2010**
Banks - deposits in domestic currency	363	3,622
Banks - deposits in foreign currency	64,285	100,395
Total	**64,648**	**104,017**

Cash and cash equivalents are held with top tier financial institutions in Brazil or abroad. Deposits in foreign currency are primarily in U.S. dollars.

b. Financial Investments

The breakdown of financial investments by category, nature and time to maturity is as follows:

	BM&FBOVESPA						
Details	**Without maturity**	**Up to 3 months**	**More than 3 and up to 12 months**	**More than 12 months and up to 5 years**	**More than 5 years**	**2011**	**2010**
Financial assets measured at fair value trough profit or loss							
Financial investment funds [1]	3,025,217	-	-	-	-	3,025,217	1,676,725
Securities purchased under agreements to resell [2]	-	-	2,423	-	-	2,423	935,617
Federal government securities							
Financial Treasury Bills	-	41,585	-	366,923	-	408,508	425,568
National Treasury Bills	9,525	2,060	43	677	-	12,305	25,090
Total financial investments	**3,034,742**	**43,645**	**2,466**	**367,600**	**-**	**3,448,453**	**3,063,000**
Short term						**3,080,853**	**2,731,324**
Long term						**367,600**	**331,676**

(All amounts in thousands of reais, unless otherwise stated)

						CONSOLIDATED	
Details	**Without maturity**	**Up to 3 months**	**More than 3 and up to 12 months**	**More than 12 months and up to 5 years**	**More than 5 years**	**2011**	**2010**
Financial assets measured at fair value trough profit or loss							
Financial investment funds [3]	207,890	-	-	-	-	207,890	204,740
Securities purchased under agreements to resell [2]	-	1,786,525	24,435	-	-	1,810,960	1,852,090
Federal government securities							
Financial Treasury Bills	-	69,339	4,157	1,361,846	103,217	1,538,559	1,187,388
National Treasury Bills	-	-	2,381	83,431	-	85,812	4,138
Other investments	9,538	3,540	43	677	-	13,798	34,831
	217,428	**1,859,404**	**31,016**	**1,445,954**	**103,217**	**3,657,019**	**3,283,187**
Financial assets available for sale							
Federal government securities							
Financial Treasury Bills	-	4,574	14,705	39,091	-	58,370	48,141
National Treasury Bills	-	-	1,578	796	-	2,374	-
	-	**4,574**	**16,283**	**39,887**	**-**	**60,744**	**48,141**
Total financial investments	**217,428**	**1,863,978**	**47,299**	**1,485,841**	**103,217**	**3,717,763**	**3,331,328**
Short term						**2,128,705**	**2,264,408**
Long term						**1,589,058**	**1,066,920**

(1) Investments in funds that invest in units of other financial investment funds (fund of funds), the portfolios of which mainly comprise investments in federal government bonds, securities purchased under agreements to resell and have the CDI as their profitability benchmark. The balances presented in the tabl also include the investment funds which are proportionately consolidated in the consolidated financial statements according to the nature of the portfolio and in the proportion of the net assets.

The net assets of the investment funds included in the consolidation are: (i) Bradesco FI Multimercado Letters - R$2,245,045 (R$723,402 at December 31, 2010); (ii) Megainvest FIC FI Renda Fixa - R$256,145 (R$629,049 at December 31, 2010) ; (iii) BB Pau Brasil FI Renda Fixa – R$176,081; (iv) HSBC FI Renda Fixa Longo Prazo Eucalipto – R$100,284; (v) Araucária Renda Fixa FI – R$215,312; (vi) Supremo Renda Fixa – FICFI – R$258,625 at December 31, 2010.

(2) Issued by first-tier banks and backed by Brazilian government bonds.

(3) The non-exclusive investment fund (not consolidated is Bradesco Empresas FICFI Referenciado DI Federal, in the amount of R$207,890 (R$204,669 at December 31, 2010).

The government bonds are held in custody at the Special System for Settlement and Custody (SELIC), the units of investment funds are held in custody with their respective managers and the shares are in the custody of BM&FBOVESPA's Equity and Corporate Debt Clearinghouse.

There was no reclassification of financial instruments between categories during the year.

Fair value

BM&FBOVESPA applies CPC40/IFRS7 for financial instruments measured at fair value, which requires disclosure of fair value measurements by level for the following hierarchy:

• Quoted prices (unadjusted) in active markets for similar assets or liabilities (level 1);

• Derived from quoted prices included in Level 1, either directly (as prices) or indirectly (Level 2);

• Valuations that are not based on market data (unobservable) (level 3).

The fair value of the main financial instruments is calculated as follows:

Investment funds – based on the value of the unit determined on the last business day prior to the balance sheet date, as disclosed by the corresponding fund Manager.

Federal government securities – based on the amounts and prices disclosed by the Brazilian Association of Financial and Capital Market Institutions (ANBIMA) or, when these are unavailable, on the price defined by management which best reflects the sales value, determined based on information obtained from other institutions.

Securities purchased under agreements to resell – are recorded daily in accordance with the market price of the security.

Financial assets at fair value through profit and loss and derivative financial instruments are classified as level 1, ie, have quoted prices (unadjusted) in active markets.

During 2011 there was no impairment recorded on the financial assets available for sale.

(All amounts in thousands of reais, unless otherwise stated)

Derivative financial instruments

Derivative financial instruments comprise future interest rate contracts (DI1) and are stated at their market values. These contracts are included in the fund portfolios which were consolidated (Note 2(a)) and are used to cover fixed interest rate exposures, swapping fixed interest rate for floating (CDI). Even though these derivatives are designed to provide protection, management has opted not to apply hedge accounting in respect to them.

The net result between the derivative transactions and the related financial instrument refers to the short position in future interest rate contracts, with market value of R$394 (R$686 at December 31,2010), and are presented as part of the finance result – Finance income/(expenses). The amounts related to the positive/negative daily adjustments are presented in Other receivables/liabilities, respectively.

The DI1 contracts have the same maturity dates as the fixed interest rate contracts to which they relate.

Financial risk management policy

BM&FBOVESPA´s policy for cash investments favors alternatives with very low risk, resulting in a significant proportion of federal government securities in its portfolio, purchased directly, via repurchase agreements backed by government bonds and also through exclusive and non-exclusive funds. Thus, in general, BM&FBOVESPA chooses to make most of its applications in conservative financial assets, highly liquid and with sovereign risk, whose overall performance is tied to the Selic rate / CDI.

Sensitivity analysis

The table below presents the net exposure of all financial instruments (assets and liabilities) by market risk factors, classified in accordance with its rates:

Exposure to Risk Factors (Consolidated)

Risk factor	Risk	2011 Percentual	2010 Percentual
Floating Interest Rate	Lower CDI	99.29%	99.35%
Fixed interest rate	Higher fixed rate	0.07%	0.35%
Foreign exchange	Lower dollar	0.38%	0.05%
Gold price	Lower gold price	0.26%	0.25%
		100.00%	100.00%

(All amounts in thousands of reais, unless otherwise stated)

Interest rate risk

This risk arises from the possibility that fluctuations in future interest rates for the corresponding maturities could affect the fair value of BM&FBOVESPA's transactions.

- Floating-rate position

As a financial investment policy and considering the need for immediate liquidity with the least possible impact from interest rate fluctuations, BM&FBOVESPA maintains its financial assets and liabilities indexed to floating interest rates.

We present in the table below the possible impacts in the profit or loss of a change of 25% and 50% from the probable scenario for the CDI rate, for the next three months.

		Effect on profit or loss				
	Risk factor	**Scenario -50%**	**Scenario -25%**	**Probable Scenario**	**Scenario 25%**	**Scenario 50%**
Financial Investments	CDI/Selic	44,840	66,669	88,126	109,224	129,977
Index rates	CDI/Selic	4.93%	7.40%	9.86%	12.33%	14.80%

- Fixed-rate position

Part of BM&FBOVESPA´s financial investments earn fixed interest rates and this results in a net exposure to such rates. However, in terms of percentage, in view of the amounts involved, the effects on the portfolio are not considered material.

Exchange rate risk

This arises from the possibility that fluctuations in exchange rates in connection with the acquisition of services, product sales and financial instruments could have an impact on the related domestic currency amounts.

In addition to the amounts payable and receivable in foreign currencies, including interest payments on the senior unsecured notes in the next six month period, BM&FBOVESPA has third-party deposits in foreign currency to guarantee the settlement of transactions by foreign investors and also own funds in foreign currency abroad. At December 31, 2011 the net foreign currency exposure amounted to R$4,938 negative (R$1,820 negative at December 31, 2010). The effects on the portfolio are not considered material.

(All amounts in thousands of reais, unless otherwise stated)

Liquidity risk

The following table shows the main financial liabilities of BM&FBOVESPA by maturity, represented in its entirety by non-derivative financial liabilities, on an undiscounted cash flows basis:

	Without maturity	Less than 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years
Collateral for transactions	1,501,022	-	-	-	-
Issuance of debt abroad (1)	-	63,139	63,139	189,418	1,400,547

(1) Values converted into R$ using closing the rate of R$/USD

Credit Risk and capital management

BM&FBOVESPA prefers very low risk investments, where more than 99% of the allocation of assets is linked to government securities with rating's set by Standard & Poor's and Moody's of "a-" and "Baa2", respectively, for long-term issues in local currency and characterized as investment grade, in order to obtain high liquidity and sovereign risk, with overall performance linked to the Brazilian prime rate (interbank interest rate).

The issue of Senior Notes (Note 12) was linked to increasing our participation in CME and the creation of a strategic partnership between the companies. In addition, it serves as a natural hedge for the USD exposure generated by the increased investment in CME Group.

5 Accounts Receivable

The breakdown of accounts receivable is as follows:

	BM&FBOVESPA	
Details	**2011**	**2010**
Fees	11,068	16,312
Annuities	4,732	4,477
Vendors – Signal broadcast	9,385	10,599
Depositary and custody fees	16,010	17,585
Other accounts receivable	10,181	6,971
Provision for impairment	(6,315)	(5,892)
Total	**45,061**	**50,052**

(All amounts in thousands of reais, unless otherwise stated)

Details	Consolidated 2011	2010
Fees	11,850	17,069
Annuities	4,732	4,477
Vendors – Signal broadcast	9,385	10,599
Depositary and custody fees	16,010	17,585
Other accounts receivable	10,852	7,561
Provision for impairment	(6,315)	(5,892)
Total	**46,514**	**51,399**

The amounts presented above are primarily denominated in Brazilian reais. Approximately 90% is of the receivables fall due within 60 days. On December 31, 2011, the amounts overdue for more than 90 days totaled R$6,838.

The provisioning methodology, as approved by the management, is based on the analysis of the historical behavior of incurred losses.

Therefore, on the overdue amount for defined ranges of days past due, according to the historical behavior, an estimated loss percentage has been assigned, which is intended to reflect incurred losses.

Changes in the provision for impairment are as follows:

	BM&FBOVESPA and Consolidated
At December 31, 2009	**5,984**
Additions	2,701
Reversals	(2,793)
At December 31, 2010	**5,892**
Additions	2,807
Reversals	(1,721)
Disposal	(663)
At December 31, 2011	**6,315**

(All amounts in thousands of reais, unless otherwise stated)

6 Other Receivables

Other receivables comprise the following:

	BM&FBOVESPA	
	2011	**2010**
Current		
Advances to employees	1,572	1,457
Amounts receivable - related parties (note 16)	7,794	8,134
Supplies	1,378	1,527
Other	388	1,135
Total	**11,132**	**12,253**
Non-current		
Other	555	626
Total	**555**	**626**

	Consolidated	
	2011	**2010**
Current		
Advances to employees	1,672	1,523
Amounts receivable - related parties (note 16)	7,169	7,448
Supplies	1,378	1,527
Other	1,189	2,419
Total	**11,408**	**12,917**
Non-current		
Brokers in judicial liquidation (1)	2,200	2,200
Other	555	627
Total	**2,755**	**2,827**

(1) Balance of accounts receivable from brokers in judicial liquidation, which considers the guarantee represented by the equity certificates pledged by the debtor.

(All amounts in thousands of reais, unless otherwise stated)

7 Investments

a. Investments in subsidiaries and associates

Investments in subsidiaries and associates comprise the following:

Investees	**Adjusted equity**	**Total shares**	**Adjusted net income**	**% Ownership**	**Investment 2011**	**Investment 2010**	**Accumulated 2011**	**Accumulated 2010**
Subsidiaries								
Banco BM&F de Liquidação e Custódia S.A.	49,628	24,000	4,693	100	49,628	44,935	4,693	4,980
Bolsa Brasileira de Mercadorias	17,397	405	1,415	50.12	8,720	8,011	709	(2)
Bolsa de Valores do Rio de Janeiro - BVRJ	59,873	115	1,232	86.95	52,059	51,427	1,071	132
BM&F USA Inc.	646	1,000	(527)	100	646	348	(527)	(3,683)
BM&FBOVESPA UK Ltd.	1,016	1,000	303	100	1,016	-	303	-
					112,069	**104,721**	**6,249**	**1,427**
Associate								
CME Group, Inc. (1)	40,427,242	66,131	3,060,685	5,13	2,673,386	2,248,325	156,474	38,238
Income tax recoverable (3)					-	-	62,987	-
					2,673,386	2,248,325	219,461	38,238
Total					**2,785,455**	**2,353,046**	**225,710**	**39,665**

Summary of key financial information of subsidiaries and associates:

Details	**Banco BM&F**	**Bolsa Brasileira de Mercadorias**	**Bolsa de Valores do Rio de Janeiro - BVRJ**	**BM&F USA Inc.**	**BM&FBOVESPA UK Ltd.**	**CME Group, Inc.**
Assets	232,609	18,878	65,332	795	1,124	76,455,169
Liabilities	182,981	1,480	5,458	148	108	35,896,059
Revenue	20,465	7,736	6,888	1,200	1,982	6,153,749

(All amounts in thousands of reais, unless otherwise stated)

Changes in Investments:

	Subsidiaries					Associate	
Investments	**Banco BM&F**	**Bolsa Brasileira de Mercadorias**	**Bolsa de Valores do Rio de Janeiro - BVRJ**	**BM&F USA Inc.**	**BM&FBOVESPA UK Ltd.**	**CME Group, Inc.**	**Total**
At December 31, 2009	**39,955**	**8,013**	**51,875**	**948**	**-**	**-**	**100,791**
Aquisition of shares (1)	-	-	-	-	-	2,351,319	2,351,319
Equity in results	4,980	(2)	132	(3,683)	-	38,238	39,665
Exchange rate changes (2)	-	-	-	-	-	(133,238)	(133,238)
Other comprehensive income of foreign associate	-	-	-	-	-	5,257	5,257
Realization of the revaluation reserve	-	-	(580)	-	-	-	(580)
Capital increase	-	-	-	3,083	-	-	3,083
Dividends received	-	-	-	-	-	(13,251)	(13,251)
At December 31, 2010	**44,935**	**8,011**	**51,427**	**348**	**-**	**2,248,325**	**2,353,046**
Equity in results	4,693	709	1,071	(527)	303	156,474	162,723
Exchange rate changes (2)	-	-	-	74	31	297,173	297,278
Other comprehensive income of foreign associate	-	-	-	-	-	4,321	4,321
Realization of the revaluation reserve	-	-	(439)	-	-	-	(439)
Capital increase	-	-	-	751	682	-	1,433
Dividends received	-	-	-	-	-	(32,907)	(32,907)
At December 31, 2011	**49,628**	**8,720**	**52,059**	**646**	**1,016**	**2,673,386**	**2,785,455**

(1) As from July 2010, with the acquisition of a 3.2% interest in CME Group for the amount of R$1,075,119, increasing the ownership interest from 1.8% to 5%, BM&FBOVESPA began to recognize the investment on the equity method in accordance with CPC 18/IAS 28, because management understands that the qualitative aspects of the relationship between the two companies indicate the existence of significant influence of BM&FBOVESPA over CME Group.

The fair value of the investment at December 31, 2011, based on the market price of shares, is R$1,552,022. Due to the decrease in the value of the shares of CME Group, the management of BM&FBOVESPA performed an impairment test. The result of the test did not reveal the need for recognition of impairment on the investment in CME Group at December 31, 2011.

For the impairment analysis, management used the discounted cash flow method. Based on expectations for growth in markets where CME operates, the projected cash flow considers revenues and expenses related to its activities in nominal dollars.

The operational flows were projected for the next five years, from January 2012 to December 2016. The cash flows were projected into perpetuity using the growth rate expected for nominal GDP in U.S. long-term, of 4.81% a year. The pre-tax discount rate utilized to calculate the present value of projected flows was 14.78% per year.

The two main variables that affect the value in use calculated for the investment are the discount rates and growth in perpetuity. Sensitivity analyzes show that an increase of 0.25 percentage points (25bps) in the discount rate before tax (from 14.78% to 15.03% per year) reduces the value in use by 2.65%, while a reduction of 0.25 percentage points (25bps) in the perpetuity growth rate (from 4.81% to 4.56% per year) reduces the value in use by 3.60%. The value in use has a lower sensitivity to variations in projected net income. Considering a reduction in average annual revenue growth by 1 percentage point (100bps) in the period from 2012 to 2016, the recoverable amount is reduced by 4.90%. In none of these three scenarios has there been the need for impairment of the asset.

(2) In July 2010, BM&FBOVESPA issued debt abroad to protect part of the translation risk on the investment in CME (hedge of net investment) through the designation of a non-derivative financial instrument (debt issuance abroad) as a hedge, as presented in Note 12. We present below the sensitivity analysis to exchange rate variations for the non hedged portion of the investment in CME Group:

(All amounts in thousands of reais, unless otherwise stated)

	Impact on other comprehensive income				
	Falling dollar			Higher dollar	
	-50%	-25%	12/31/2011	25%	50%
Exchange rate	0.9379	1.4069	1.8758	2.3448	2.8137
Exchange variation on foreign investment in foreign associate	(1,012,370)	(360,508)	297,278	943,215	1.595,077
Exchange variation on hedge of foreign net investment	445,720	158.722	(128,275)	(415,273)	(702,270)
Tax effect of exchange variation on hedge of foreign net investment	(151,545)	(53,966)	43,613	141,193	238,772
Net effect	**(718,195)**	**(255,752)**	**212,616**	**669,135**	**1,131,579**

(3) Refers to recoverble tax paid by the foreign affiliate, according to the Law 9.249/95 and Normative Instruction 213/02 of the Federal Revenue Secretariat of Brazil.

b. Investment property

This category comprises properties owned by the subsidiary BVRJ - Bolsa de Valores do Rio de Janeiro rented, which are depreciated according to the estimated useful life of the asset of 25 years.

	Consolidated
At December 31, 2009	**39,723**
Depreciation	(1,511)
At December 31, 2010	**38,212**
Depreciation	(1,512)
At December 31, 2011	**36,700**

(All amounts in thousands of reais, unless otherwise stated)

8 Property and Equipment

	BM&FBOVESPA							
	Buildings	**Furniture and fixtures**	**Computer-related equipment**	**Facilities**	**Telephone system**	**Other**	**Construction in progress**	**Total**
December 31, 2009	107,534	12,500	69,118	19,023	1,906	26,860	-	236,941
Aditions	13,046	4,111	107,036	25,007	187	4,073	12,737	166,197
Disposal	(965)	-	-	-	-	-	-	(965)
Depreciation	422	(1,992)	(32,246)	(2,882)	(526)	(2,549)	-	(39,773)
Total	**120,037**	**14,619**	**143,908**	**41,148**	**1,567**	**28,384**	**12,737**	**362,400**
December 31, 2010								
Cost	219,151	40,641	312,509	54,083	4,119	68,655	12,737	711,895
Accumulated Depreciation	(99,114)	(26,022)	(168,601)	(12,935)	(2,552)	(40,271)	-	(349,495)
Total	**120,037**	**14,619**	**143,908**	**41,148**	**1,567**	**28,384**	**12,737**	**362,400**
Aditions	115	2,371	18,103	5,402	182	5,287	13,985	45,445
Disposal	(597)	(67)	(282)	4	(6)	(809)	-	(1,757)
Reclassification (Note 9)	183	1,224	6,373	5,191	67	692	(4,918)	8,812
Transfer to investment property available for sale	(553)	-	-	-	-	-	-	(553)
Depreciation	(2,210)	(2,137)	(50,514)	(4,709)	(332)	(1,855)	-	(61,757)
Total	**116,975**	**16,010**	**117,588**	**47,036**	**1,478**	**31,699**	**21,804**	**352,590**
December 31, 2011								
Custo	217,367	43,714	334,027	64,676	4,344	72,826	21,804	758,758
Depreciação acumulada	(100,392)	(27,704)	(216,439)	(17,640)	(2,866)	(41,127)	-	(406,168)
Total	**116,975**	**16,010**	**117,588**	**47,036**	**1,478**	**31,699**	**21,804**	**352,590**

(All amounts in thousands of reais, unless otherwise stated)

								Consolidated
	Buildings	**Furniture and fixtures**	**Computer-related equipment**	**Facilities**	**Telephone system**	**Other**	**Construction in progress**	**Total**
December 31, 2009	109,232	12,684	69,276	19,618	1,906	29,223	-	241,939
Aditions	13,046	4,112	107,043	25,007	187	4,084	12,737	166,216
Disposal	(965)	(5)	9	(1)	-	(4)	-	(966)
Depreciation	336	(2,031)	(32,301)	(2,984)	(526)	(2,549)	-	(40,055)
Total	**121,649**	**14,760**	**144,027**	**41,640**	**1,567**	**30,754**	**12,737**	**367,134**
December 31, 2010								
Cost	221,488	41,159	313,412	55,113	4,119	71,087	12,737	719,115
Accumulated Depreciation	(99,839)	(26,399)	(169,385)	(13,473)	(2,552)	(40,333)	-	(351,981)
Total	**121,649**	**14,760**	**144,027**	**41,640**	**1,567**	**30,754**	**12,737**	**367,134**
Additions	115	2,388	18,137	5,412	182	5,378	13,985	45,597
Disposal	(598)	(92)	(312)	4	(6)	(811)	-	(1,815)
Reclassification (Note 9)	182	1,224	6,373	5,192	67	692	(4,918)	8,812
Transfer to assets available for sale	(553)	-	-	-	-	-	-	(553)
Depreciation	(2,296)	(2,179)	(50,553)	(4,785)	(332)	(1,866)	-	(62,011)
Total	**118,499**	**16,101**	**117,672**	**47,463**	**1,478**	**34,147**	**21,804**	**357,164**
December 31, 2011								
Custo	219,703	44,236	334,930	65,717	4,344	75,351	21,804	766,085
Depreciação acumulada	(101,204)	(28,135)	(217,258)	(18,254)	(2,866)	(41,204)	-	(408,921)
Total	**118,499**	**16,101**	**117,672**	**47,463**	**1,478**	**34,147**	**21,804**	**357,164**

During 2011, BM&FBOVESPA incorporated, as part of the cost of development projects, the amount of R$10,475 related to the depreciation of equipment used in developing these projects.

Properties with a carrying value of approximately R$39,534 were pledged as collateral in lawsuits. BM&FBOVESPA is not allowed to assign these assets as collateral for other lawsuits or sell them.

Annual rates of depreciation of fixed assets at December 31, 2011 and 2010:

Buildings	2.5%
Furniture and fixtures	10%
Computer devices and equipment	10 to 25%
Facilities	10%
Telephone system	20%
Other	11% to 33%

9 Intangible Assets

Goodwill

The goodwill of R$16,064,309 is attributed to expected future profitability, supported by an economic and financial appraisal of the investment. According to the guidelines of CPC 01/IAS 36, the goodwill must be tested annually for impairment, or more frequently when there are indicators that impairment may have occurred. Goodwill is stated at cost less accumulated impairment losses. Impairment losses recognized on goodwill are not reversed.

BM&FBOVESPA uses external and independent experts to assist in measuring the recoverable amount of the asset (ie, its value in use). The report submitted by the experts did not reveal the need for adjustments to the value of goodwill at December 31, 2011.

Based on expectations of growth of the Bovespa segment, the projected cash flow considers revenues and expenses related to activities of the segment (CGU – Bovespa). The period of projection of these flows extends from December 2011 to December 2020. The perpetuity is obtained by extrapolating the last year's cash flow by an equivalent expected long-term growth rate for nominal GDP of 8.7% per year.

The management uses a projection period of ten years based on the perception that the Brazilian capital market, in the equity segment, should experience sustained growth until reaching maturity in the long-term.

To determine the present value of the projected flow, the experts used an average pre-tax discount rate of 18.84% per year from December 2011 until December 2013. Afterwards, the discount rate stabilizes at 18,1% a year, capturing the inflationary expectations of the period.

The two main variables that affect the value in use calculated are the estimated discount rates and growth in perpetuity. The management of BM&FBOVESPA conducted sensitivity analysis to determine the impacts of changes in these variables on the calculated value in use. The discount rate equivalent before taxes for the entire period is 18.50% per annum, and an increase of 0.5 percentage points (50bps) in this rate (from 18.50% to 19% per annum) reduces the value in use by 3.8%. Regarding the growth rate in perpetuity, a reduction of half percentage point (50bps) in the rate (from 8.7% to 8.2% per annum) reduces the value in use by 4.48%. The value in use has a lower sensitivity to changes in net revenue. Considering a reduction in average annual revenue growth by 2 percentage points (200bps) in the period between December 2011 and December 2020, the value in use is reduced by 11.62%. In none of these three scenarios has there been the need for impairment of the asset.

(All amounts in thousands of reais, unless otherwise stated)

Software and projects

The balance comprises costs for the acquisition of licenses and development of software and systems, with amortization rates of 20% to 33% per year, and expenditures for the implementation and development in progress of new systems and software.

					BM&FBOVESPA	**Consolidated**
	Goodwill	**Cost of software development**	**Concluded software development**	**Software**	**Total**	**Total**
At December 31, 2009	16,064,309	43,631	-	20,361	16,128,301	16,128,332
Aditions	-	38,721	-	68,459	107,180	107,180
Disposal	-	(4,802)	-	-	(4,802)	(4,802)
Amortization	-	-	(617)	(12,620)	(13,237)	(13,252)
Other	-	(13,619)	10,199	1,865	(1,555)	(1,555)
Total	**16,064,309**	**63,931**	**9,582**	**78,065**	**16,215,887**	**16,215,903**
At December 31, 2010						
Cost	16,388,730	63,931	10,199	178,994	16,641,854	16,641,928
Accumulated Amortization	(324,421)	-	(617)	(100,929)	(425,967)	(426,025)
Total	**16,064,309**	**63,931**	**9,582**	**78,065**	**16,215,887**	**16,215,903**
Aditions (1)	-	126,894	43	66,791	193,728	193,728
Disposal	-	(7,997)	(107)	(2,069)	(10,173)	(10,172)
Reclassification (Note 8)	-	(55,496)	46,992	(308)	(8,812)	(8,812)
Amortization	-	-	(3,360)	(33,146)	(36,506)	(36,520)
Total	**16,064,309**	**127,332**	**53,150**	**109,333**	**16,354,124**	**16,354,127**
At December 31, 2011						
Cost	16,388,730	127,332	57,082	242,796	16,815,940	16,817,154
Accumulated Amortization	(324,421)	-	(3,932)	(133,463)	(461,816)	(463,027)
Total	**16,064,309**	**127,332**	**53,150**	**109,333**	**16,354,124**	**16,354,127**

(1) Projects in progress refer mainly to the development of a new electronic trading platform for different types and classes of assets, and the development of a new business and IT architecture to support the integration of post-trade infrastructure.

BM&FBOVESPA incorporated, as part of the cost of development projects, the amount of R$14,360 related to the depreciation of equipment used in developing these projects.

(All amounts in thousands of reais, unless otherwise stated)

10 Earnings and Rights on Securities in Custody

These comprise dividends and interest on capital received from listed companies, which will be transferred to the custody agents and subsequently to their clients, who are the owners of the shares.

11 Provision for Taxes and Contributions Payable

		BM&FBOVESPA
Details	**2011**	**2010**
Taxes and contributions withheld at source	14,175	6,066
PIS/Cofins	14,973	15,490
ISS (Municipal service tax)	1,860	2,127
Total	**31,008**	**23,683**

		Consolidated
Details	**2011**	**2010**
Taxes and contributions withheld at source	14,816	6,209
PIS/Cofins	15,100	15,607
ISS (Municipal service tax)	1,898	2,165
Total	**31,814**	**23,981**

12 Issuance of debt abroad and loans

On July 16, 2010 BM&FBOVESPA concluded the issuance of senior unsecured notes, with face value of US$612 million, priced at 99.635% of nominal value, resulting in a net inflow of US$609 million (equivalent at the time to R$1,075,323). The interest rate is 5.50% p.a., payable half-yearly in January and July, and the principal amount is due on July 16, 2020. The effective rate was 5.64% p.a., which includes the discount and other costs related to issuance.

The updated balance of the borrowing on December 31, 2011 is R$1,172,225 (R$1,040,238 at December 31, 2010), which includes the amount of R$33,566 (R$30,179 at December 31,2010) of accrued interest. The proceeds from the offering were used to purchase shares of the CME Group at that same date.

The notes have an early partial or total redemption clause, at the option of BM&FBOVESPA, for the greater of: (i) principal plus interest accrued to date and (ii) interest accrued to date plus the present value of the remaining cash flows, discounted at the rate applicable to U.S. Treasuries for the remaining term plus 0.40% per annum. (40 basis points).

(All amounts in thousands of reais, unless otherwise stated)

These notes have been designated as a hedging instrument for the part equivalent of US$612 million (notional) of the investment in CME Group Inc. (Note 7), in order to hedge the foreign exchange risk. Thus, the BM&FBOVESPA has adopted hedge accounting for net investment in accordance with the provisions of CPC 38/IAS 39.

Accordingly, BM&FBOVESPA prepared the formal designation of the hedges by documenting: (i) the objective of the hedge, (ii) type of hedge, (iii) the nature of the risk being hedged, (iv) the hedged item, (v) the hedging instrument, (vi) the correlation of the hedge and the hedged item (retrospective effectiveness test) and (vii) the prospective test.

The application of the effectiveness tests described in Note 3 (d) (iv) did not reveal ineffectiveness during the year December 31, 2011.

The fair value of the debt, calculated using market data, is R$1,190,534 at December 31, 2011 (Source: Bloomberg).

Additionally, BM&FBOVESPA has finance leases for computer equipment. The total amount outstanding at December 31, 2010 was R$2,975.

13 Other liabilities

		BM&FBOVESPA
Details	**2011**	**2010**
Custody agents	4,848	4,413
Liability for purchase of treasury shares	-	6,470
Amounts payable - related parties (Note 16)	358	2,652
Outsourced services	7,931	2,081
Payable for redemption of preferred shares	1,839	1,839
Electricity, water and telephone	717	705
Other	5,236	6,579
Total	**20,929**	**24,739**

(All amounts in thousands of reais, unless otherwise stated)

	Consolidated	
Details	**2011**	**2010**
Custody agents	4,848	4,413
Liability for purchase of treasury shares	-	6,470
Demand deposits (1)	59,165	50,373
Liabilities for securities purchased under resell agreements (2)	118,350	141,988
Outsourced services	8,138	2,239
Payable for redemption preferred shares	1,839	1,839
Electricity, water and telephone	717	705
Other	6,382	8,118
Total	**199,439**	**216,145**

(2) Refer to deposits held by corporations at Banco BM&F with the sole purpose for settlement of clearing operations held within the BM&FBOVESPA and Selic - Special System for Settlement and Custody pursuant to Central Bank Circular Letter No. 3196 of July 21, 2005

(3) Refers to repurchase agreements of Banco BM&F, maturing at January 2, 2012 and backed by Financial Treasury Bills (LFT) and National Treasury Bills (LTN) (2010 - consisting of repurchase agreements maturing at January 3, 2011, backed by LFT and LTN)

14 Provisions and contingent liabilities and assets

a. Contingent assets

BM&FBOVESPA has no contingent assets recognized in its balance sheet, and at present no lawsuits which are expected to give rise to future gains.

b. Contingent liabilities

BM&FBOVESPA and its subsidiaries are defendants in a number of labor, tax and civil lawsuits in the course of their normal operating activities.

The lawsuits are classified by their probability of loss (probable, possible or remote), based on an evaluation by BM&FBOVESPA and its legal advisors, using parameters such as previous judgments and the history of loss in similar litigation.

(All amounts in thousands of reais, unless otherwise stated)

The lawsuits in which the loss is evaluated as probable mainly comprise the following:

- Labor claims mostly related to filed by ex-employees of BM&FBOVESPA and employees of outsourced service providers, on account of alleged noncompliance with labor legislation. There are also claims filed by former BVRJ employees, specifically as regards to noncompliance with rules related to collective bargaining agreements;

- Civil proceedings, mainly relate to aspects of civil liability for losses and damages.

- Tax cases are mainly relate to the incidence of PIS and Cofins on (i) BM&FBOVESPA revenues and (ii) receipt of interest on equity own Capital.

c. *Legal obligations*

These are almost entirely proceedings in which BM&FBOVESPA seeks exemption from social security additional contributions on payroll and payments to self-employed professionals, as well as discussions about the legality of Labor Accident Insurance (SAT).

d. *Changes in balances*

The activity in provisions for contingencies and legal obligations may be summarized as follows:

						BM&FBOVESPA
		Civil	**Labor**	**Legal obligations**	**Tax**	**Total**
At December 31, 2009	**(2)**	**3,671**	**4,108**	**28,608**	**11,823**	**48,210**
Provisions charged		64	1,428	3,163	-	4,655
Reversals		(25)	(463)	-	-	(488)
Reassessment of contingent risks		51	160	-	-	211
Interest		441	562	1,252	957	3,212
At December 31, 2010	**(2)**	**4,202**	**5,795**	**33,023**	**12,780**	**55,800**
Provisions charged		31	1,224	5,522	-	6,777
Reversals (1)		(61)	(91)	(11,276)	-	(11,428)
Reassessment of contingent risks		(100)	(497)	-	-	(597)
Interest		420	690	1,310	1,358	3,778
At December 31, 2011	**(2)**	**4,492**	**7,121**	**28,579**	**14,138**	**54,330**

(All amounts in thousands of reais, unless otherwise stated)

						Consolidated
		Civil	Labor	Legal obligations	Tax	Total
At December 31, 2009	**(2)**	**4,227**	**4,458**	**28,608**	**12,154**	**49,447**
Provisions charged		105	1,538	3,163	-	4,806
Reversals		(36)	(490)	-	-	(526)
Reassessment of contingent risks		(500)	80	-	-	(420)
Interest		449	610	1,252	972	3,283
At Decmeber 31, 2010	**(2)**	**4,245**	**6,196**	**33,023**	**13,126**	**56,590**
Provisions charged		3,624	1,717	5,522	-	10,863
Reversals (1)		(107)	(568)	(11,276)	-	(11,951)
Reassessment of contingent risks		(100)	(193)	-	-	(293)
Interest		586	763	1,310	1,376	4,035
At December 31, 2011	**(2)**	**8,248**	**7,915**	**28,579**	**14,502**	**59,244**

(1) Included in the reversals is the conclusion of a lawsuit that confirmed that additional social security contributions are not due on (i) payroll and (ii) payments to self-employed individuals, amounting to a reversal of R$11,276 in October 2011, and respective release of judicial deposits (Note 14 (g)).

(2) Due to the nature of the provisions, the timing of cash disbursement is not currently known.

e. *Possible losses*

The proceedings classified as a "possible loss" are so classified as a result of uncertainties surrounding their outcome. They are lawsuits for which jurisprudence has not yet been defined or which still depend on verification and analysis of the facts, or even involve specific aspects that reduce the chances of loss.

BM&FBOVESPA and its subsidiaries have tax, civil and labor lawsuits involving risks of loss classified by management as possible, based on the evaluation of their legal advisors, for which no provision has been recorded. These proceedings comprise mainly the following:

- Labor proceedings, mostly related to claims filed by ex-employees of BM&FBOVESPA and employees of outsourced service providers, on account of alleged noncompliance with labor legislation. The lawsuits classified as possible losses at December 31, 2011 total R$58,841 in BM&FBOVESPA (R$32,749 at December 31, 2010) and R$60,849 on a consolidated basis (R$34,609 at December 31, 2010);

- Civil proceedings mainly relate to aspects of civil liability for losses and damages. The total amount involved in the lawsuits classified as possible losses at December 31, 2011 total

R$70,102 in BM&FBOVESPA and on a consolidated basis (R$74,386 at December 31, 2010).

This amount is almost entirely related to the possibility of being required to deliver shares of BM&FBOVESPA (surviving company of the merger with BM&F S.A.), corresponding to the shares resulting from the conversion of the membership certificate of a commodities broker in the former BM&F, or indemnify the corresponding amount, if the cancellation of the certificates in the former BM&F is found to be illegal, as alleged by a commodities broker in bankruptcy;

- The tax cases of BM&FBOVESPA and its subsidiaries mainly involve a dispute over the classification of exchanges as subject to the payment of social contributions. Most of these amounts are related to two lawsuits filed by BM&FBOVESPA against the Federal Government arguing that it should not be subject to the payment of social contributions prior to the 1999 fiscal year. The amount involved in the aforementioned proceedings as of December 31, 2011 is R$48,332 (R$45,085 at December 31, 2010). The total amount involved in tax proceedings classified as possible losses is R$76,697 in BM&FBOVESPA and on a consolidated basis (R$70,141 at December 31, 2010).

f. Remote losses

BM&FBOVESPA, as successor of the former BOVESPA, and the subsidiary BVRJ are defendants in an action for tangible damages and pain and suffering filed by Mr. Naji Robert Nahas, Selecta Participações e Serviços SC Ltda. and Cobrasol - Companhia Brasileira de Óleos e Derivados, on the grounds of alleged losses in the stock market sustained in June 1989. The amount attributed to the cause by the plaintiffs is R$10 billion. In relation to the tangible damages and pain and suffering claimed, the plaintiffs ask that BVRJ and BM&FBOVESPA be sentenced in proportion to their responsibilities. On December 18, 2009, a sentence was published in which the claims made by the plaintiffs were considered completely unfounded. BM&FBOVESPA and its legal advisors consider that the chances of loss in this lawsuit are remote.

BM&FBOVESPA received on November 29, 2010, an assessment notice from the Internal Revenue Service of Brazil ("RFB"), demanding the payment of income tax (R$301,686 of principal, plus fines and interest) and social contribution (R$108,525 of principal, plus fines and interest) representing the amount of those taxes that, in the view of the RFB, BM&FBOVESPA underpaid in the years 2008 and 2009 with respect to the amortization for tax purposes of the goodwill generated upon the merger Bovespa Holding SA, approved at the General Assembly of May 8, 2008. During October 2011, the RFB Judgement Office in São Paulo issued a decision on the challenge presented by BM&FBOVESPA, maintaining, in substance, the assessment notice. BM&FBOVESPA appealed to the Board of Tax Appeals on November 21, 2011, which will render a final administrative decision on the legality of amortization of goodwill for tax purposes. Based on the advice of its lawyers, BM&FBOVESPA considers that the risk of loss associated with this tax matter is remote and will continue to amortize the goodwill for tax purposes, as provided for by law.

(All amounts in thousands of reais, unless otherwise stated)

g. *Judicial deposits*

	BM&FBOVESPA		Consolidated	
Details	**2011**	**2010**	**2011**	**2010**
Legal obligations	28,838	33,023	29,202	33,370
Tax	58,819	54,103	58,819	54,103
Civil	4,459	2,096	4,459	2,095
Labor	2,062	2,667	2,568	2,810
Total	**94,178**	**91,889**	**95,048**	**92,378**

Of the total judicial deposits, (i) R$41,704 (R$38,139 at December 31, 2010) relates to the processes involving the dispute over the classification of exchanges as subject to the payment of social contributions, assessed as possible by management, as described in “e” above and (ii) R$10,201 (R$9,366 at December 31, 2010) refers to cases regarding PIS and Cofins on interest on own capital received. Of the total deposits relating to legal obligations R$29,201(R$32,594 at December 31, 2010) relates to processes in which BM&FBOVESPA claims the non-incidence of additional social security on payroll contributions and payments to self-employed professionals, and to questions about the legality of charging Occupational Accident Insurance.

Due to the existence of judicial deposits related to tax processes classified as possible losses, the total tax contingencies and legal obligations are less than the total deposits related to tax claims.

h. *Law 11,941/09*

In November 2009, BM&FBOVESPA enrolled in the Tax Recovery Program, instituted by Law 11,941/09 and Provisional Measure (MP) 470/09, with a view to settling the amount of R$2,365, related to a portion of the amount disputed in the COFINS case, deposited in court and constituted as probable loss contingency. The amount of R$2,151 will be released to the government and R$214 to BM&FBOVESPA, representing a discount of 45% in arrears interest, as permitted by the legislation. The provision remains in effect until the approval of the request to partially withdraw the lawsuit, because this is a condition for the settlement of the debt pursuant to the Tax Recovery Program.

15 Equity

a. Capital

At Meeting in December 13, 2011, the Board approved the cancellation of 64,014,295 shares of BM&FBOVESPA's held in treasury (Note 15 (b)) which were acquired under the share repurchase programs. As a result of such cancellation, the capital of BM&FBOVESPA at the amount of R$2,540,239, is now presented by 1,980,000,000 nominative common shares with voting rights and no par value, of which 1,927,991,988 outstanding at December 31, 2011 (1,979,921,193 at December 31, 2010.)

BM&FBOVESPA is authorized to increase its capital up to the limit of 2,500,000,000 (two billion, five hundred million) common shares, through a resolution of the Board, without any amendment of the bylaws.

b. Treasury shares

Share buyback program

In a meeting held on August 12, 2010, the Board of Directors approved a Share Buyback Program. On December 16, 2010, the Board approved the extension of the Repurchase Program, with the final date of June 30, 2011.

BM&FBOVESPA repurchased the expected number of 60,000,000 common shares during the period from August 18, 2010 to June 30 2011, comprising 31,950,000 in 2010 and 28,050,000 in the first half of 2011.

At a meeting held on June 16, 2011, the Board of Directors approved a new Share Buyback Program, starting July 1, 2011 and matured at December 31, 2011. At December 13, 2011, it was approved by the Board the extension of for this program for 6 months, ending on June 30, 2012. The limit of shares to be acquired by the Company is 60,000,000 common shares, representing 3.11% of total outstanding shares.

Until December 31, 2011 BM&FBOVESPA repurchased 29,552,500 shares, which represented 1.53% of total outstanding shares.

The shares acquired under the Share Buyback Program may be canceled or used to in connection with the exercise of the stock options by the beneficiaries of the Stock Option Plan of the BM&FBOVESPA.

We present below the activity of treasury shares during the year:

(All amounts in thousands of reais, unless otherwise stated)

	Quantity	**Amount**
At December 31, 2009	**39,247,983**	**230,102**
Acquisition of shares - Share Buyback Program	31,950,000	435,115
Shares sold - stock options (Note 18)	(7,104,881)	(51,314)
At December 31, 2010	**64,093,102**	**613,903**
Acquisition of Shares - Share Buyback Program	57,602,500	606,889
Shares sold - stock option (Note 18)	(5,673,295)	(57,284)
Cancellation of shares (Note 15 (a))	(64,014,295)	(641,955)
At December 31, 2011	**52,008,012**	**521,553**
Average cost of treasury shares (R$)		10.028
Market value of treasury shares		509,679

c. *Revaluation reserves*

Revaluation reserves were established as a result of the revaluation of works of art in BM&FBOVESPA and of the properties of the subsidiary BVRJ on August 31, 2007, based on independent experts' appraisal reports.

d. *Capital Reserve*

Refers substantially to amounts created from the merger of Bovespa Holding shares in 2008, and other corporate events permitted by the Corporation Law, such as (i) capital increase through merger, (ii) redemption, repayment or purchase of shares, and (iii) events associated with the stock option plan.

e. *Revenue reserves*

i. *Legal Reserve*

The legal reserve is established annually by allocation of 5% of net income and cannot exceed 20% of the capital. The legal reserve is intended to ensure the integrity of the capital and can only be used to offset losses and increase capital.

ii. *Statutory reserve*

(All amounts in thousands of reais, unless otherwise stated)

These reserves represent funds and safeguard mechanisms required for the activities of BM&FBOVESPA, in order to ensure the proper settlement and reimbursement of losses arising from the intermediation of transactions carried out in its trading sessions and/or registered in any of its trading, registration, clearing and settlement systems, and from custody services.

Pursuant to the bylaws, the Board of Directors may, when the amount of statutory reserves is sufficient to meet its objectives, propose that parts of the reserve be reversed for distribution to the shareholders of the Company.

f. *Valuation adjustments*

The purpose of the valuation adjustments is to record the effects of (i) currency translation adjustments of the investment in the CME Group, (ii) hedge accounting for net foreign investment, (iii) share of other comprehensive income of an associate and (iv) up to July 30, 2010, effects of mark-to-market adjustments of the shares of the CME Group (Note 7).

g. *Dividends and interest on own capital*

Pursuant to the bylaws, the shareholders are guaranteed interest on own capital or dividends, based on the net profit, adjusted in accordance with the corporate law, at a minimum percentage of 25%.

	2011	**2010**
Net income	1,047,999	1,144,561
Legal reserve constitution (1)	-	-
Basis of calculation of dividends	**1,047,999**	**1,144,561**
Dividends	535,546	840,561
Interest on own capital	150,000	304,000
Total declared in the year	**685,546**	**1,144,561**

(3) Legal reserve constitution not required on the basis of its value added to the value of other capital reserves exceeds 30% of the capital

(All amounts in thousands of reais, unless otherwise stated)

Interest on own capital and dividends declared in respect to the results of the current period are detailed below:

Details	**Declaration**	**Payment**	**Per share (gross) (R$)**	**Total amount (gross)**
Interest on own capital	2/23/2010	3/11/2010	0.014951	30,000
Interest on own capital	3/25/2010	4/13/2010	0.029890	60,000
Interest on own capital	5/11/2010	5/27/2010	0.068231	137,000
Interest on own capital	8/12/2010	9/10/2010	0.022422	45,000
Dividends	8/12/2010	9/10/2010	0.098957	198,600
Dividends	11/9/2010	11/25/2010	0.119101	235,875
Interest on own capital	12/16/2010	1/19/2011	0.016156	32,000
Dividends	02/17/2011	5/16/2011	0.207025	406,086
Total proposed/ declared in 2010				**1,144,561**
Interest on own capital	2/17/2011	3/10/2011	0.025461	50,000
Interest on own capital	5/12/2011	7/5/2011	0.051128	100,000
Dividends	5/12/2011	7/5/2011	0.034054	66,605
Dividends	9/8/2011	10/3/2011	0.121740	235,336
Dividends	11/8/2011	1/3/2012	0.121139	233,605
Total proposed/ declared in 2011				**685,546**

The management of BM&FBOVESPA did not create a revenue reserve for the difference between the amount recognized and equity in the results of the associate CME Group and the amount received as dividends from the investment.

(All amounts in thousands of reais, unless otherwise stated)

h. Earnings per share

Basic		**BM&FBOVESPA**
	2011	**2010**
Numerator		
Profit available to shareholders of BM&FBOVESPA	1,047,999	1,144,561
Denominator		
Weighted average number of shares outstanding	1,948,718,753	2,000,777,767
Basic earnings per share (in R$)	**0,537789**	**0.572058**

Dilluted		**Consolidated**
	2011	**2010**
Numerator		
Profit available to shareholders of BM&FBOVESPA	1,047,999	1,144,561
Denominator		
Weighted average number of shares outstanding adjusted by the stock option plan	1,953,080,684	2,014,463,310
Diluted earnings per share (in R$)	**0,536588**	**0.568172**

(All amounts in thousands of reais, unless otherwise stated)

16 Related Party Transactions

a. Transactions and balances with related parties

Details	Assets/ (Liabilities) 2011	Assets/ (Liabilities) 2010	Revenue/ (Expenses) 2011	Revenue/ (Expenses) 2010
Bolsa de Valores do Rio de Janeiro - BVRJ				
Accounts payable	-	(2,315)		
Contribution for membership certificates			-	(475)
Banco BM&F de Serviços de Liquidação e Custódia S.A.				
Available Funds	-	17		
Accounts receivable	597	527		
Foreign exchange operations to settle	20	153		
Recovery of expenses			6.617	5.402
Bolsa Brasileira de Mercadorias				
Accounts receivable	8	5		
Accounts payable	(218)	(337)		
Minimum contribution on membership certificates			(1,271)	(1,319)
Recovery of expenses			62	115
BM&FBOVESPA Supervisão de Mercados				
Accounts receivable	636	452		
Recovery of expenses			2,441	2,570
Mecanismo de Ressarcimento de Prejuízos				
Accounts receivable	-	24		
Accounts payable	(81)	-		
Associação BM&F				
Accounts receivable	6,517	6,947		
CME Group				
Accounts payable	(59)	-		
Operation expenses				106
Other Companies				
Accounts receivable	16	26		

(All amounts in thousands of reais, unless otherwise stated)

The main transactions with related parties are described below and were carried out under the following conditions:

BM&FBOVESPA pays a minimum fee to BVRJ and Bolsa Brasileira de Mercadorias as a member of these associations. The payments to BVRJ occurred until December 31, 2010, and were no longer required by the bylaws of BVRJ as from January 1, 2011.

Bolsa Brasileira de Mercadorias and Associação BM&F reimbursed monthly BM&FBOVESPA by its expenses over employment of resources and use the infrastructure provided by the BM&FBOVESPA, to aid in carrying out its activities.

Banco BM&F entered into an agreement with BM&FBOVESPA which, in addition to establishing rules for occupancy of a building owned by the latter, also provides for the utilization of its technology infrastructure and also its personnel, with transfer of the corresponding costs.

BSM has entered into an agreement with BM&FBOVESPA for the transfer and recovery of costs which establishes the reimbursement to BM&FBOVESPA of the net amount paid monthly for expenses incurred in contracting resources and for the infrastructure made available to BSM to assist in the performance of its supervisory activities.

b. Remuneration of key management personnel

Key management personnel include Members of the Board, Executive Officers, the Director of Internal Audit, the Director of Banco BM&F and the Director of Human Resources.

Management benefits	**2011**	**2010**
Short-term benefits (salaries, profit-sharing, etc.)	25,666	25,211
Post-employment benefits	-	12
Employment contract rescission benefits	11	614
Share based remuneration (1)	12,867	8,307

(1) Represents the expense calculated for the year in relation to the stock options granted to key management personnel, which was recognized in accordance with the criteria described in Note 18.

17 Structure of Guarantees

BM&FBOVESPA acting as central counterparty (CCP) manages four clearinghouses considered systemically important by the Central Bank of Brazil, i.e. the Derivatives, Foreign Exchange and Securities Clearinghouses and the Equity and Corporate Debt Clearinghouse (CBLC).

The activities carried out by the clearinghouses of BM&FBOVESPA are governed by Law 10,214, of 2001, which authorizes the multilateral clearing of obligations, establishes the central counterparty role of the systemically important clearinghouses and permits the utilization of the collateral obtained from defaulting participants to settle their obligations in the clearinghouse environment, including in cases of civil insolvency, agreements with creditors, intervention, bankruptcy and out-of-court liquidation.

Through its clearinghouses, BM&FBOVESPA acts as a central counterparty in the derivatives market (futures, forward, options and swaps), in the federal bond market (spot, forwards, repurchase operations, futures and lending of securities),equities (spot, forward, option, futures and lending of securities) and private debt securities (spot and lending of securities). In other words, by assuming the role of a central counterparty, BM&FBOVESPA becomes responsible for the proper settlement of trades carried out and/or registered in its systems, as established in the applicable regulations.

The performance of BM&FBOVESPA as a central counterparty exposes it to the credit risk of the participants that utilize its settlement systems. If a participant fails to make the payments due, or to deliver the assets, securities and/or commodities due, it will be incumbent upon BM&FBOVESPA to resort to its safeguard mechanisms, in order to ensure the proper settlement of the transactions in the established time frame and manner. In the event of a failure or insufficiency of the safeguard mechanisms of its Clearinghouses, BM&F BOVESPA might have to use its own equity, as a last resort, to ensure the proper settlement of trades.

The BM&FBOVESPA clearinghouses are not directly exposed to market risk, as they do not hold net long or net short positions in the various contracts traded. However, an increase in price volatility can affect the magnitude of amounts to be settled by the various market participants, and can also heighten the probability of default by these participants. Furthermore, as already emphasized, the clearinghouses are responsible for the settlement of the trades of a defaulting participant, which could result in losses for BM&FBOVESPA if the amounts due surpass the amount of collateral available. Accordingly, despite the fact that there is no direct exposure to market risk, this risk can impact and increase the credit risks assumed.

To mitigate the risks assumed, each BM&FBOVESPA Clearinghouse has its own risk management system and safeguard structure. The safeguard structure of a Clearinghouse represents the set of resources and mechanisms that it can utilize to cover losses relating to the settlement failure of one or more participants. These systems and structures are described in detail in the regulations and manuals of each clearinghouse, and have been tested and ratified by the Central Bank of Brazil, in accordance with National Monetary Council (CMN) Resolution 2,882/01 and BACEN Circular 3,057/01.

The structures of our safeguards clearinghouses are based largely on loss-sharing model called defaulter pays, in which the amount of collateral deposited by each participant should be able to absorb, with a high degree of confidence, the potential losses associated with its default. Consequently, the amount required as collateral for participants is the most important element in our management structure of the potential market risks arising from our role as a central counterparty.

For most contracts with assets and operations, the required value as collateral is sized to cover the market risk of the business, i.e., its price volatility during the expected time frame for settlement of the positions of a defaulting participant. This time frame can vary depending on the nature of contracts and assets traded.

The models used for calculating the margin requirements are based, in general, the concept of stress testing, in other words, a methodology that attempts to measure market risk into account not only recent historical volatility of prices, but also possibility of the emergence of unexpected events that modify the historical patterns of behavior of prices and the market in general.

The main parameters used for margin calculation models are the stress scenarios, defined by the Market Risk Committee for the risk factors that affect the prices of assets and contracts negotiated on our systems. For the definition of stress scenarios, the Market Risk Committee uses a combination of quantitative and qualitative analysis. The quantitative analysis is done with the help of statistical models for estimating risk, such as EVT (extreme value theory), estimation of implied volatilities and conditional type Garch model, and historical simulations. The qualitative analysis, in turn, considers aspects related to economic conditions and political, national and international levels and their impact on the markets managed by BM&FBOVESPA.

The operations in the BM&FBOVESPA are secured by margins through deposits in cash, government and corporate securities, letters of credit and shares, among others. The guarantees received in cash, in the amount of R$1,501,022 (R$954,605 at December 31, 2010), are recorded as a liability and the other non cash collateral are maintained in off-balance control accounts in the amount of R$177,055,433 (R$142,133,052 at December 31, 2010). On December 31, 2011 the total collateral deposited by clearing, was R$178,556,455 (R$143,087,657 at December 31, 2010), as described below:

(All amounts in thousands of reais, unless otherwise stated)

(a) Safeguard structure of the Derivatives Clearinghouse

i) Collateral deposited by derivatives market participants:

Derivatives Clearinghouse	**2011**	**2010**
Federal government bonds	95,413,934	76,979,261
Letters of credit	3,090,051	3,538,492
Shares	3,242,459	4,934,328
Certificates of deposit (CDBs)	1,448,298	1,150,998
Gold	80,619	105,958
Cash (1)	707,212	652,290
Other	212,935	173,340
Total	104,195,508	87,534,667

ii) Other Collateral

- Co-responsibility for paying the broker and clearing member who acted as intermediaries, as well as collateral deposited by such participants.

- Fundo de Desempenho Operacional, worth R$1,138,007 thousand (2010 - R$1,162,122 thousand), formed by funds provided by holders of right of settlement in the Derivatives Clearinghouse (clearing members) and holders of unrestricted right to bargain with the sole purpose of ensuring the operations. The fund has the following position:

Composition	**2011**	**2010**
Federal government bonds	913,100	921,678
Letters of credit	204,152	172,210
Certificates of deposit (CDBs)	8,055	52,801
Equities	12,700	15,358
Cash	-	75
Amounts deposited	1,138,007	1,162,122
Amounts that ensure clearing member/trader participation	(952,700)	(989,200)
Total	185,307	172,922

(All amounts in thousands of reais, unless otherwise stated)

- Fundo de Operações do Mercado Agropecuário, in the amount of R$50,000 at December 31, 2011 and December 31, 2010, intended to hold resources of BM&FBOVESPA allocated to guarantee the proper settlement of transactions involving agricultural commodity contracts;

- Fundo Especial dos Membros de Compensação, in the amount of R$40,000 at December 31, 2011 and December 31, 2010, formed by a capital transfer from BM&FBOVESPA., intended to hold BM&FBOVESPA resources allocated to guarantee the proper settlement of transactions, regardless of the type of contract;

- Fundo de Liquidação de Operações, in the amount of R$380,993 (R$408,509 at December 31, 2010), formed by collateral transferred by clearing members, intended to guarantee the proper settlement of transactions after the resources of the two previous funds have been used. The fund has the following position:

Composition	**2011**	**2010**
Federal government bonds	339,180	354,256
Letters of credit	38,763	35,012
Certificates of deposit (CDBs)	-	14,700
Equities	3,050	4,541
Amounts deposited	380,993	408,509
Amounts that ensure clearing member/trader participation	(293,000)	(313,000)
Total	87,993	95,509

- Special equity, in the amount of R$38,906 (R$34,807 at December 31, 2010), in compliance with the provisions of Article 5 of Law 10,214, of March 27, 2001 and of Article 19 of Circular 3,057 of the Brazilian Central Bank, of August 31, 2001.

(All amounts in thousands of reais, unless otherwise stated)

(b) Safeguard structure of the Equity and Corporate Debt Clearinghouse - CBLC

i) The main components of the safeguard structure of the Equity and Corporate Debt Clearinghouse (CBLC) are described below:

Equity and Corporate Debt Clearinghouse - CBLC	**2011**	**2010**
Federal government bonds	34,422,215	22,749,941
Shares	31,417,638	25,809,847
International bonds (1)	2,134,513	736,905
Certificates of deposit (CDBs)	621,817	580,066
Letters of credit	245,616	448,054
Cash (1)	762,113	235,720
Other	166,210	142,004
Total	69,770,122	50,702,537

(1) American and German government bonds, ADRs (American Depositary Receipt) as well

ii) Other Collateral

- Joint responsibility for trade settlement by the brokerage house and clearing member that acted as intermediaries, as well as the collateral deposited by these participants;

- Fundo de Liquidação, in the amount of R$384,326 (R$485,409 at December 31, 2010), formed by collateral (government debt securities) transferred by clearing members, intended to guarantee the proper settlement of transactions.

- Special equity, in the amount of R$41,456 (R$37,210 at December 31, 2010), in compliance with the provisions of Article 5 of Law 10,214, of March 27, 2001 and of Article 19 of Circular 3,057 of the Brazilian Central Bank, of August 31, 2001.

(c) Safeguard structure of the Foreign Exchange Clearinghouse

i) The main components of the safeguard structure of the Foreign Exchange Clearinghouse are described below:

Foreign Exchange Clearinghouse	**2011**	**2010**
Federal government bonds	3,416,862	3,855,147
Cash	31,697	66,520
Total	**3,448,559**	**3,921,667**

(All amounts in thousands of reais, unless otherwise stated)

ii) Other Collateral

- Fundo de Participação, in the amount of R$181,260 (R$162,235 at December 31, 2010), formed by collateral transferred by Clearinghouse participants, intended to guarantee the proper settlement of transactions.

- Fundo Operacional da Clearing de Câmbio, in the amount of R$50,000 at December 31, 2011 and December 31, 2010, with the purpose of maintaining funds of BM&FBOVESPA to cover losses resulting from operating or administrative failures;

- Special equity, in the amount of R$38,956 (R$34,848 at December 31, 2010), in compliance with the provisions of Article 5 of Law 10,214, of March 27, 2001 and of Article 19 of Circular 3,057 of the Brazilian Central Bank, of August 31, 2001.

(d) Safeguard structure of the Securities Clearinghouse

i) The main components of the Securities Clearinghouse are described below:

Composition	**2011**	**2010**
Federal Government Bonds	1,142,266	928,786

ii) Other Collateral

- Fundo Operacional da Clearing de Ações, in the amount of R$40,000 at December 31, 2011 and December 31, 2010, with the purpose of maintaining funds of BM&FBOVESPA to cover losses resulting from operating or administrative failures of participants;

- Special equity, in the amount of R$27,395 (R$24,536 at December 31, 2010), in compliance with the provisions of Article 5 of Law 10,214, of March 27, 2001 and of Article 19 of Circular 3,057 of the Brazilian Central Bank, of August 31, 2001.

(e) Guarantee funds and Mecanismo de Ressarcimento de Prejuízos

BM&FBOVESPA Supervisão de Mercados - BSM manages the “Mecanismo de Ressarcimento de Prejuízos” - MRP, the sole purpose of which is to assure reimbursement of loss to clients of brokerage firms that trade in BM&FBOVESPA upon the occurrence of events determined in the regulation. The resources of MRP aim to assure that their members’ clients are refunded for losses resulting from errors in the execution of orders accepted and from inadequate or irregular use of funds belonging to clients, under the terms of CVM Instruction 461/07.

The subsidiaries Bolsa Brasileira de Mercadorias and Bolsa de Valores do Rio de Janeiro (BVRJ) also manages Guarantee Funds, special purpose entities without a legal status. The maximum liability of these Guarantee Funds is limited to the sum of their net assets.

The Net assets of the MRP and Guarantee Funds amounted to R$312,097 at December 31, 2011 (2010 – R$215,745). In 2011, BM&FBOVESPA made a contribution to MRP of R$92,342, which was previously considered as statutory reserve by BM&FBOVESPA and had the objective to eventually attend investors reimbursement requests were the hypothesis provided in the MRP regulation to occur. This contribution had the objective to unify the resources related to MRP, under the administration of BSM. .

18 Employee Benefits

Stock options – BM&F S.A. (Transferred to BM&FBOVESPA)

At the Special General shareholders Meeting (AGE) held on September 20, 2007, approval was given for an option plan for the purchase of shares issued by BM&F S.A. for the purpose of "granting purchase rights on a stated number of shares, for recognition and retention of the employees of BM&F S.A. and, subsequently, of BM&FBOVESPA, after May 8, 2008, up to a limit of 3% of the capital stock".

The stock options granted under the plan of the extinct BM&F were assumed by BM&FBOVESPA, as decided at the AGE of May 8, 2008.

On December 18, 2007, 27,056,316 stock options were granted under the plan with a fixed exercise price of R$1.00 per share. Subsequent to this date, no further stock options were granted or vesting conditions changed under this plan. During the period, some employees acquired the rights to exercise their options as a result of the termination of employment. At December 31, 2011 all shares granted at this stock options plan had became vested.

The Plan was designed to provide managers and employees of the former BM&F (i) with a reward for their services during the period prior to the demutualization process and also (ii) to retain professionals for a period of four years subsequent to the approval of the plan and the IPO.

The main items used as a basis for acknowledging these services and for allocating the options granted were:

(i) Exercise price fixed at R$1.00;
(ii) Right to exercise options even if the beneficiary is dismissed by the Company, as well as on retirement, termination of employment as a result of upon death of the beneficiary;
(iii) Number of years of service of each beneficiary;

(iv) The period for each exercise of options.

BM&FBOVESPA recognized the expenses related to the stock options of employees that have not yet vested, of R$9,543 during the year (R$19,843 at December 31, 2010). BM&FBOVESPA considered in this calculation an estimated turnover of 5%, i.e. the estimated number of options which will not vest due to employees resignations.

Stock options – BM&FBOVESPA Plan

On May 8, 2008, at the AGE of BM&FBOVESPA, approval was given to establish a stock option plan within the authorized limit of 2.5% of capital, having as its objective greater alignment of the interests of shareholders with those employees who are considered strategic, and employees considered as talents of BM&FBOVESPA and its subsidiaries.

On December 19, 2008, the first series of options was granted at an exercise price of R$5.174 per share, corresponding to the average closing price of trading in the 20 sessions that preceded the date on which the options were granted, subject to vesting periods for exercising the options. 4,531,850 stock options were granted, distributed equally in four vesting dates over a four-year period.

Some employees, who had stock options related to the series granted in 2008, acquired the rights to exercise their options as a result of termination of employment. As a result of the acceleration of vesting in these cases, BM&FBOVESPA recognized, during the period, the total expenses related to 985,450 stock options of such employees that otherwise would have been recognized in future periods. At December 31, 2011, there are 730,347 stock options granted in 2008 that have not yet vested.

On January 20, 2009, the Board of Directors approved the 2009 stock option program ("2009 Program"), which set the date of grant as March 1, 2009. The exercise price of R$6.60 per share corresponds to the average closing price of 20 trading sessions preceding the date of the grant program in 2009, as established in the plan approved at the AGE of May 8, 2008.

The 2009 program refers to the period from January 1, 2009 to December 31, 2009, the base period for the performance assessments of the program beneficiaries.

At the meeting on December 17, 2009, the Board confirmed the allocation of individual stock options within the 2009 program, according to the performance assessments of BM&FBOVESPA and the beneficiaries, in the total amount of 9,947,000 stock options, divided into four vesting periods.

Some employees who had stock options related to the series granted in 2009 had the right to exercise their options at the time of termination of employment. As a result of the acceleration of the vesting period in the cases of dismissal, BM&FBOVESPA recognized in the period all the costs related to 257,500 stock options of such employees that otherwise would have been recognized in future periods. On December 31, 2011 there are 1,980,500 stock options granted in 2009 that have not yet vested.

On February 23, 2010, the Board of Directors approved the 2010 stock option program ("2010 Program"), which set the date of grant as January 3, 2011. The exercise price of R$12.91 per share corresponds to the average closing price of 20 trading sessions preceding the date of the grant on the 2010 program, as established in the plan approved at the AGE of May, 8 2008.

At the meeting held on December 16, 2010, the Board confirmed the allocation of individual stock options within the 2010 program, according to the performance assessment of BM&FBOVESPA and the beneficiaries, in the total amount of 13,952,000 stock options, divided into four vesting dates.

At December 31, 2011, there are 9,260,125 options granted under the 2010 program that have not yet vested.

As a result, the Company recognized expenses in the statement of income related to both grants of this plan in the total amount of R$44,087 during the year (R$11,078 at December 31, 2010) against capital reserves in shareholders' equity. BM&FBOVESPA considered in this calculation an estimated turnover of 11% and 18%, i.e. the estimated number of options which will not vest due to employees who opt to leave the Company or whose employment is terminated before achieving vested rights to exercise the options.

Until December 31, 2011, BM&FBOVESPA used 1.03% of the total limit of 2.5% of share capital for granted, leaving 1.47% of capital for new programs.

As the options are exercised by the employees, BM&FBOVESPA will issue new shares, increasing its capital, or use treasury shares.

The rules of the stock option plan provide that options may be exercised wholly or in part for such periods and times specified in each program and the respective Stock Option Agreements. Beneficiaries may exercise ¼ of the options effectively granted per year.

The conditions of the programs provide that the option can be exercised after the expiration of each grace period, limited to a maximum term of seven years from the first grace period. Completed the waiting period, the option may be exercised wholly or partly. If the option is exercised in part, the holder may exercise the remainder within the terms already set. The option not exercised within the terms and conditions stipulated in the respective programs will be considered automatically terminated, without right to compensation.

In the event of termination of the beneficiary's relationship with BM&FBOVESPA because of dismissal or resignation (in the case of a member of management), or upon dismissal or termination of service agreement without cause or through resignation : (i) the options already released from grace period may be exercised within 90 days of the termination event with the BM&FBOVESPA, subject to the maximum exercise period set in the program, and (ii) options whose grace period has not elapsed expire without the right to compensation.

(All amounts in thousands of reais, unless otherwise stated)

If the beneficiary were to die or become permanently disabled from being able to perform their function in BM&FBOVESPA, the rights arising from the options may be exercised, as appropriate, by the beneficiary or his heirs and successors, who may exercise such rights, whether or not the initial grace periods had incurred, for a period of one year from the date of death or permanent disability, after which they will become extinct without the right to compensation.

Options Granted

Plan	Grant date	Granted	Price per share (R$)	Granted	Exercised and canceled in prior periods	Canceled in the period ended in 12/31/2011	Exercised in the period ended in 12/31/2011	Outstanding contracts 12/31/2011	Fair value of options on grant date (in reais)
BM&F S,A,	12/18/2007	12/18/2009	1.00	6,652,596	(6,518,096)	-	(134,500)	-	21.81
BM&F S,A,	12/18/2007	12/18/2010	1.00	6,329,396	(4,692,396)	-	(1,373,600)	263,400	21.54
BM&F S,A,	12/18/2007	12/18/2011	1.00	6,244,396	(2,573,850)	(4,500)	(2,005,446)	1,660,600	21.32
				19,226,388	(13,784,342)	(4,500)	(3,513,546)	1,924,000	
BM&FBOVESPA	12/19/2008	06/30/2009	5.174	1,132,966	(829,428)	-	(115,350)	188,188	3.71
BM&FBOVESPA	12/19/2008	06/30/2010	5.174	1,132,966	(705,787)	-	(162,239)	264,940	3.71
BM&FBOVESPA	12/19/2008	06/30/2011	5.174	1,132,959	(289,862)	(61,175)	(239,173)	542,749	3.71
BM&FBOVESPA	12/19/2008	06/30/2012	5.174	1,132,959	(289,862)	(105,550)	(7,200)	730,347	3.71
				4,531,850	(2,114,939)	(166,725)	(523,962)	1,726,224	
BM&FBOVESPA	03/01/2009	12/31/2009	6.60	2,486,750	(1,047,220)	-	(512,037)	927,493	2.93
BM&FBOVESPA	03/01/2009	12/31/2010	6.60	2,486,750	(109,500)	-	(1,063,750)	1,313,500	2.93
BM&FBOVESPA	03/01/2009	12/31/2011	6.60	2,486,750	(182,000)	(287,000)	(30,000)	1,987,750	2.93
BM&FBOVESPA	03/01/2009	12/31/2012	6.60	2,486,750	(182,000)	(294,250)	(30,000)	1,980,500	2.93
				9,947,000	(1,520,720)	(581,250)	(1,635,787)	6,209,243	
BM&FBOVESPA	01/03/2011	03/01/2011	12.91	3,488,000	-	(189,500)	-	3,298,500	4.50
BM&FBOVESPA	01/03/2011	03/01/2012	12.91	3,488,000	-	(378,375)	-	3,109,625	4.50
BM&FBOVESPA	01/03/2011	03/01/2013	12.91	3,488,000	-	(378,375)	-	3,109,625	4.50
BM&FBOVESPA	01/03/2011	03/01/2014	12.91	3,488,000	-	(447,125)	-	3,040,875	4.50
				13,952,000	-	(1,393,375)	-	12,558,625	
Total				**47,657,238**	**(17,420,001)**	**(2,145,850)**	**(5,673,295)**	**22,418,092**	

(All amounts in thousands of reais, unless otherwise stated)

Total options exercised during the period

	Plan BM&F		Plan BM&FBovespa	
Exercise Month	**Average Market Price per share(R$)**	**Quantity carried**	**Average Market Price (R$)**	**Quantity carried**
January	12.64	211,350	12.69	409,650
February	11.49	392,400	11.54	259,300
March	11.36	155,600	11.40	77,112
April	11.94	602,750	11.91	622,400
May	11.63	211,000	11.53	77,700
June	10.96	156,000	10.69	84,650
July	8.95	4,500	9.70	161,412
August	8.55	195,000	8.62	115,050
September	9.55	135,000	9.28	56,800
October	-	-	9.58	43,525
November	10.22	25,000	9.98	109,325
December	9.98	1,424,946	10.04	142,825
Exercised Options 2011		**3,513,546**		**2,159,749**
Exercised Options 2011		**5,253,946**		**1,850,935**

Consolidated activity during the year

	2011	**2010**
Periods begining	**16,285,237**	**23,927,317**
Granted options	13,952,000	-
Exercised options	(5,673,295)	(7,104,881)
Canceled and due options	(2,145,850)	(537,199)
Periods end	**22,418,092**	**16,285,237**

(All amounts in thousands of reais, unless otherwise stated)

The percentage of capital dilution

					2011
	BM&F S.A.	**BM&FBOVESPA**			**TOTAL**
Granted at	12/18/2007	12/19/2008	03/01/2009	01/03/2011	
Stock option outstanding	1,924,000	1,726,224	6,209,243	12,558,625	22,418,092
Outstanding shares					1,927,991,988
Dilution rate	0.10%	0.09%	0.32%	0.65%	1.16%

				2011
	BM&F S.A.	**BM&FBOVESPA**		**TOTAL**
Granted at	12/18/2007	12/19/2008	03/01/2009	
Stock option outstanding	5,442,046	2,416,911	8,426,280	16,285,237
Outstanding shares				1,979,921,193
Dilution rate	0.27%	0.12%	0.43%	0.82%

Effects arising from the exercise of the options

Details	**2011**	**2010**
Amount received on sale of share -Exercised Options	17,024	16,384
(-)Cost of treasury shares sold	(57,284)	(51,314)
Effect on disposal of shares	**(40,260)**	**(34,930)**

Option pricing model

To determine the fair value of the options granted, BM&FBOVESPA takes into account the following aspects:

a) The model of stock options granted by BM&FBOVESPA permits the early exercise as from the future vesting date, this being between the date of grant and the date of expiry;
b) The shares pay dividends between the grant date and the option expiry date.

Accordingly, these options have characteristics of the European model (early exercise is not allowed) until the vesting date and characteristics of the American model (possibility of early exercise) between the vesting date and the option expiry date. This form of options is known as the Bermuda or Mid-Atlantic type and their price must be between the price of a European option and the price of an American option with similar characteristics. In relation to the dividend payment, there are two impacts on the price of the option that should be taken into account: (i) the fall in share prices after the dates on which they become ex-dividend and (ii) the influence of such payments on the decision to exercise the option early.

Considering the aspects above, a modified Binomial method (Cox-Ross-Rubinstein) was used to determine the fair value of the options granted which consider the existence of two distinct periods in relation to the possibility of anticipated exercise (before and after the vesting dates). This method produces results which are equivalent to the results of the Black & Scholes model for non-complex European options, having the advantage of being able to incorporate the characteristics of an exercise and the payment of dividends associated with the stock options considered.

The main assumptions used in pricing the options were:

a) The options were valued based on the market parameters effective on each of the grant dates of the different plans;
b) To estimate the risk-free interest rate, were adopted the future interest contracts negotiated for the maximum exercise period of the options;
c) Since BM&FBOVESPA was a recently listed entity at the time the BM&F plan was granted, historical volatility did not provide sufficient information on share volatility, considering the contractual term for exercising the options. As a result, BM&FBOVESPA used the implicit volatility of similar entities (international stock exchanges) as a basis for estimating the volatility of its shares over periods in which liquidity was sufficient to guarantee the quality of the data gathered;
d) In order to define the volatility applied by the pricing model of the second and third grants of the BM&FBOVESPA plan three measures commonly employed in finance were evaluated: (i) implied volatilities, (ii) volatilities estimated via autoregressive model (GARCH) and; (iii) volatility model estimated via exponential weighted moving average (EWMA). Although the exclusive use of implied volatilities, ie volatilities computed based on observed prices in the market, offer more accurate estimates, options trading of the shares of those grants had low liquidity on the dates of grant, and refer to lower maturities. Thus, BM&FBOVESPA used the average between the implied volatility observed and the estimated volatility via EWMA model to estimate the volatility of its shares, whereas the results obtained with the GARCH model were not satisfactory;
e) The share prices were adjusted in order to take into account the impact of dividend payments; and
f) The maximum period for exercising the options granted was used as expiry date of the options.

(All amounts in thousands of reais, unless otherwise stated)

The remaining usual assumptions related to option pricing models, such as inexistence of arbitrage opportunities, as well as, constant volatility and interest rates over the period, were also considered in the calculation.

Private pension plan

The private pension plan "Fundo de Pensão Multipatrocinado das Instituições do Mercado Financeiro e de Capitais (MERCAPREV)" is structured as a defined contribution retirement plan and is sponsored by the following entities: Adeval, Ancor, BM&FBOVESPA, Sindival and the brokerage firms Theca, Souza Barros and Talarico. Contributions to the pension plan for the period ended December 31, 2011 amounted to R$3,252 (R$3,166 at December 31, 2010) by BM&FBOVESPA and the consolidated.

19 Income Tax and Social Contribution on Net Income

(a) Deferred income tax and social contribution

The balance of deferred tax assets and liabilities is as follows:

		BM&FBOVESPA and Consolidated
Details	**2011**	**2010**
Tax, labor and civil contingencies	8,525	5,795
Tax loss carry forwards	30,053	34,125
Exchange variation on foreign debt issuance	23,367	-
Other temporary differences	18,605	14,767
Total deferred tax assets	**80,550**	**54,687**
Goodwill amortization (1)	(1,200,623)	(702,371)
Exchange variation on foreign debt issuance	-	(20,246)
Other	(3,959)	(9,457)
Total deferred tax liabilities	**(1,204,582)**	**(732,074)**
Net deferred tax	**(1,124,032)**	**(677,387)**

(All amounts in thousands of reais, unless otherwise stated)

(1) Deferred income tax and social contribution liabilities arising from temporary differences between the tax basis of goodwill and its carrying value on the balance sheet, considering that goodwill is still amortized for tax purposes, but is no longer amortized for accounting purposes as from January 1, 2009 , resulting in a tax base smaller than the carrying value of goodwill. This temporary difference may result in amounts becoming taxable in future periods, when the carrying amount of the asset will be reduced or liquidated, this requiring the recognition of a deferred tax liability

Net changes in deferred tax during the year:

	BM&FBOVESPA and Consolidated	
	2011	**2010**
Opening Balance	**(677,387)**	**(17,106)**
Tax, labor and civil contingencies	2,730	1,053
Tax loss carry forwards	4,072	(1,160)
Impairment of shares	-	(237,283)
Exchange variation on foreign debt issuance	43,613	(20,246)
Other temporary differences	3,838	8,253
Goodwill amortization (1)	(498,252)	(445,155)
Exchange variation on foreign debt issuance	-	-
Mark to market of available for sales securities	-	39,870
Other	5,498	(5,613)
Closing balance	**(1,124,032)**	**(677,387)**

(All amounts in thousands of reais, unless otherwise stated)

Variation of assets and liabilities of deffered tax during the year:

						BM&FBOVESPA and Consolidated
Deferred tax assets	**Temporary differences**	**Tax Loss Carry Forward**	**Impairment of available for sale securities**	**Exchange variation on foreign debt issuance**	**Goodwill amortization and contingencies**	**Total**
At December 31, 2009	**6,514**	**35,285**	**237,283**	**-**	**4,742**	**283,824**
Recognized in the statement of Income	8,253	(1,160)	-	-	1,053	8,146
Recognized in the Comprehensive Income	-	-	(237,283)	-	-	(237,283)
At December 31, 2010	**14,767**	**34,125**	**-**	**-**	**5,795**	**54,687**
Transfer from liabilities	-	-	-	23,367	-	23,367
Recognized in the statement of Income	3,838	4,072	-	-	2,730	2,496
At December 31, 2011	**18,605**	**30,053**	**-**	**23,367**	**8,525**	**80,550**

					BM&FBOVESPA and Consolidated
Deferred tax liability	**Goodwill Amortization**	**Exchange variation on foreign debt**	**Mark to Market of available for sale**	**Other**	**Total**
At December 31, 2009	**(257,216)**	**-**	**(39,870)**	**(3,844)**	**(300.930)**
Recognized in the Statement of Income	(445,155)	-	-	(5,613)	(450.768)
Recognized in the Comprehensive Income	-	(20,246)	39,870	-	19.624
At December 31, 2010	**(702,371)**	**(20,246)**	**-**	**(9,457)**	**(732.074)**
Transfer to assets	-	(23,637)	-	-	(23,637)
Recognized in the Statement of Income	(498,252)	-	-	5,498	(492.753)
Recognized in the Comprehensive Income	-	43,613	-	-	43.613
At December 31, 2011	**(1,200,623)**	**-**	**-**	**(3,959)**	**(1,204,582)**

(b) Estimated realization period

The deferred income tax and social contribution assets arising from temporary differences are recorded in the books taking into consideration the probable realization of these tax assets, based on projections of future results prepared in accordance with and supported by internal assumptions and future economic scenarios that may, accordingly, not materialize as expected.

It is expected that deferred tax assets (including the tax loss carryforward of R$30,053) will be realized in the amount of R$7,464 until one year and R$73,086 after one year and for the deferred liabilities the expectative of realization is over one year. At December 31, 2011, the present value of the deferred tax assets considered in the expectation amounts to R$53,722.

As the income tax and social contribution taxable bases arise not only from the profit that may be generated, but also from the existence of non-taxable income, non-deductible expenses, tax incentives and other variables, there is no immediate correlation between accounting profit of BM&FBOVESPA and the income subject to income tax and social contribution. Therefore, the expectation of the use of deferred tax assets should not be considered as the only indicator of future income of BM&FBOVESPA.

The goodwill amount deductible for income tax and social contribution purposes amounts to R$9,625,812 at December 31, 2011 (2010 – R$11,092,942)

The realization of the deferred tax liability will occur as the difference between the tax basis of goodwill and its carrying amount is reversed, that is, when the carrying value of goodwill in the balance sheet is either reduced or liquidated.

(All amounts in thousands of reais, unless otherwise stated)

(c) Reconciliation of the income tax and social contribution expense

The income tax and social contribution amounts presented in the statements of income at nominal rates are reconciled to the statement rates as follows:

		BM&FBOVESPA
	2011	**2010**
Profit before income tax and social contribution	**1,583,194**	**1,589,768**
Income tax and social contribution before additions and exclusions	(538,286)	(540,521)
Additions:	(125,215)	(21,652)
Stock options plan	(18,234)	(10,513)
Non-deductible expenses	(106,981)	(11,139)
Exclusions:	127,742	116,846
Equity in results of investees	76,742	13,486
Interest on own capital	51,000	103,360
Other	564	120
Income tax and social contribution	**(535,195)**	**(445,207)**

		Consolidated
	2011	**2010**
Profit before income tax and social contribution	**1,588,210**	**1,592,515**
Income tax and social contribution before additions and exclusions	(539,991)	(541,455)
Additions:	(125,438)	(22,087)
Adjustments from Law 11,638/07 applicable to the expenses from Stock Option plan	(18,234)	(10,513)
Non-deductible expenses	(107,204)	(11,574)
Exclusions:	125,617	116,361
Equity in results of investees	74,617	13,001
Interest on own capital	51,000	103,360
Other	131	(848)
Income tax and social contribution	**(539,681)**	**(448,029)**

(All amounts in thousands of reais, unless otherwise stated)

(1) Refers mainly to (i) R$31,396 of contribution to the MRP (Note 17 (e)) and (ii) R$62,987 of recoverable income tax paid abroad (Note 7).

20 Revenue

	BM&FBOVESPA		**CONSOLIDATED**	
	2011	**2010**	**2011**	**2010**
Trading and/or settlement system - BM&F	**760,245**	**722,065**	**760,245**	**722,065**
Derivatives	744,018	701,545	744,018	701,545
Foreign exchange	16,102	20,427	16,102	20,427
Assets	125	93	125	93
Trading and/or settlement system - Bovespa	**964,702**	**1,049,300**	**964,702**	**1,049,300**
Negotiation – trading fees	540,391	737,074	540,391	737,074
Transactions – clearing and settlement	396,023	254,904	396,023	254,904
Other (1)	28,288	57,322	28,288	57,322
Other revenues	**357,159**	**310,984**	**391,036**	**340,174**
Loans of marketable securities	74,030	49,443	74,030	49,443
Listing of marketable securities	44,841	44,392	44,841	44,392
Depository, custody and back office	91,353	88,263	91,353	88,263
Trading participant access	49,153	48,234	49,153	48,234
Vendors – quotations and market information	65,049	67,629	65,049	67,629
Bolsa Brasileira de Mercadorias -dividends and contributions	-	-	5,959	5,669
Bank- Financial intermediation and bank fees	-	-	20,461	17,028
Other (2)	32,733	13,023	40,190	19,516
Deductions of revenue	**(209,339)**	**(211,126)**	**(211,299)**	**(212,797)**
PIS and COFINS taxes	(187,023)	(187,516)	(188,504)	(188,754)
Taxes on services	(22,316)	(23,610)	(22,795)	(24,043)
Total Revenue	**1,872,767**	**1,871,223**	**1,904,684**	**1,898,742**

(1) Refers mainly to settlements and public offerings income

(All amounts in thousands of reais, unless otherwise stated)

(2) The others income presents the following composition:

	BM&FBOVESPA	
Description	**2011**	**2010**
Provision reversal (a)	11,276	-
Credit of brokerage in liquidation (b)	11,327	-
Goods classification rate	6,010	3,898
Other recoveries	364	1,482
Dividends- CME Group	-	4,920
Others	3,756	2,723
Total	**32,733**	**13,023**

	Consolidated	
Description	**2011**	**2010**
Provision Reversal (a)	11,276	-
Credit of brokerage in liquidation (b)	11,327	-
Income lettings (Note 7(b))	6,923	6,174
Goods classification rate	6,010	3,898
Other recoveries	801	1,702
Dividends- CME Group	-	4,920
Others	3,853	2,822
Total	**40,190**	**19,516**

a) Reversal of provision due to the final sentence on the lawsuit which confirmed that the additional social security contribution was not due (Nota 14 (d))

b) Recovery of credit for estate brokerage firm in bankruptcy, with the appropriate additions (interest and inflation)

(All amounts in thousands of reais, unless otherwise stated)

21 Sundry Expenses

	BM&FBOVESPA	
Details	**2011**	**2010**
Electricity, water and sewage	10,116	7,664
Expenses of intangible loss	7,795	4,802
Contributions and donations	6,371	7,135
Travel	4,987	5,209
Sundry provisions	4,093	2,095
Rental	2,431	2,226
Supplies	2,501	2,619
Insurance	813	1,113
Other	6,196	4,769
Total	**45,303**	**37,632**

	Consolidated	
Details	**2011**	**2010**
Electricity, water and sewage	10,335	7,859
Expenses of intangible loss	7,795	4,802
Contributions and donations	6,540	7,420
Travel	5,525	5,745
Sundry provisions	8,492	6,186
Rental	2,945	2,753
Supplies	2,609	2,690
Insurance	814	1,115
Other	2,423	3,178
	47,478	**41,748**

(All amounts in thousands of reais, unless otherwise stated)

22 Finance results

	BM&FBOVESPA	
	2011	**2010**
Finance income		
Revenue from financial assets measured at fair value	331,692	314,935
Foreign exchange gains/ (losses)	7,834	2,808
Other finance income	13,431	8,314
Total finance income	**352,957**	**326,057**
Finance expense		
Interest and foreign exchange variation on debt and loans	(69,412)	(30,641)
Foreign exchange gains/ (losses)	(4,392)	(3,266)
Other finance expense	(1,615)	(4,744)
Total finance expense	**(75,419)**	**(38,651)**
Financial results	**277,538**	**287,406**

	Consolidated	
	2011	**2010**
Finance income		
Revenue from financial assets measured at fair value	335,313	317,441
Foreign exchange gains/ (losses)	7,834	2,808
Other finance income	14,573	8,835
Total finance income	**357,720**	**329,084**
Finance expense		
Interest and foreign exchange variation on debt and loans	(69,412)	(30,641)
Foreign exchange gains/ (losses)	(4,392)	(3,266)
Other finance expense	(3,187)	(6,138)
Total finance expense	**(76,991)**	**(40,045)**
Finance Results	**280,729**	**289,039**

23 Information about Business Segments

We present below consolidated information based on reports used by the Executive Board for making decisions, with the segments comprising Bovespa, BM&F, Corporate. In 2011, BM&FBOVESPA has improved its internal reports, incorporating the allocation of operational expenses. Therefore, the previous year information was revised to the current format. Due to the nature of the business, the Executive Board does not use any information on assets and liabilities by segment to support the decision making.

Bovespa Segment

The Bovespa segment covers the various stages of the trading cycle of fixed and variable income and equity securities, on the stock exchange and Over the Counter (OTC),BM&FBOVESPA manages the only national stock exchange and OTC market for trading of variable income securities, including stocks, stock receipts, Brazilian Depository Receipts, stock derivatives, subscription bonuses, various types of closed-end investment funds, shares representing audiovisual investment certificates, non-standard options (warrants) to purchase and sell securities and other securities authorized by the CVM.

BM&F segment

The BM&F segment covers the main steps of the cycles of trading and settlement of securities and contracts: (i) trading systems in an environment of electronic trading and trading via internet (WebTrading), (ii) recording, clearing and settlement systems, integrated with a robust and sophisticated risk management system to ensure the proper settlement of the transactions recorded, and (iii) custodian systems for agribusiness securities, gold and other assets.

In addition, this segment includes the trading of commodities, foreign exchange, and public debt, and services provided by Banco BM&F and the Brazilian Commodities Exchange.

Corporate segment

Services provided as depository of securities, as well as loans and of securities (registration in our systems of issuers of securities for trading), data services and classification of commodities, and technological products.

(All amounts in thousands of reais, unless otherwise stated)

2011
Consolidated

Information by segment

	Bovespa Segment	**BM&F Segment**	**Corporate Segment**	**Total**
Trading and/or Settlement system	964,702	760,245	391,036	2,115,983
Deductions	(98,295)	(76,987)	(36,017)	(211,299)
Revenue	**866,407**	**683,258**	**355,019**	**1,904,684**
Adjusted operational expenses	(237,399)	(172,280)	(174,842)	(584,521)
Depreciation and amortization	(31,581)	(25,996)	(17,631)	(75,208)
Stock Options	(20,564)	(17,975)	(15,091)	(53,630)
Allowance for doubtful accounts	(358)	110	(837)	(1,085)
Contribution to MRP	-	-	(92,342)	(92,342)
Other	(4,784)	(3,876)	(1,218)	(9,878)
Total expenses	**(294,686)**	**(220,017)**	**(301,961)**	**(816,664)**
Income	**571,721**	**463,241**	**53,058**	**1,088,020**
Equity in results of investees				156,474
Finance results				280,729
Income Tax and social contribution				(476,694)
Profit or the year	**571,721**	**463,241**	**145,400**	**1,048,529**

(All amounts in thousands of reais, unless otherwise stated)

				2010
				Consolidated
Information by segment	**Bovespa Segment**	**BM&F Segment**	**Corporate Segment**	**Total**
Trading and/or settlement system	1,049,300	722,065	340,174	2,111,539
Deductions from revenue	(104,608)	(75,117)	(33,072)	(212,797)
Net operating revenue	**944,692**	**646,948**	**307,102**	**1,898,742**
Adjusted operational expenses	(224,725)	(159,353)	(155,870)	(539,948)
Depreciation and Amortization	(22,806)	(19,781)	(12,230)	(54,817)
Stock Options	(14,849)	(10,733)	(5,339)	(30,921)
Alowance for doubtful acounts	17	1,225	(5,085)	(3,843)
Other	(2,137)	(1,435)	(403)	(3,975)
Total operating expenses	**(264,500)**	**(190,077)**	**(178,927)**	**(633,504)**
Operating revenue	**680,192**	**456,871**	**128,175**	**1,265,238**
Equity in income of investees				38,238
Finance income				289,039
Income Tax and social contribution				(448,029)
Profit or the year	**680,192**	**456,871**	**128,175**	**1,144,486**

24 Insurance

Supported by its insurance brokers, BM&BOVESPA contracts in the market coverage compatible with its size and operations, The main coverage, at December 31, 2011, is ts indicated below, according to the insurance policies:

Insurance lines	**Amounts insured**
Amounts at risk, material damages, property and equipment	272,590
Civil liability	66,774
Works of art	16,133

25 New standards, amendments and interpretations

(a) New and amended standards

There are no new pronouncements or interpretations of CPCs /IFRS that are effective from 2011 that could have a significant impact on the financial statements of the BM&FBOVESPA. The changes listed below, apply to BM&FBOVESPA, are effective for annual periods beginning after January 1, 2011.

IFRS 7 - "Financial Instruments" - Emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments.

IAS 24 - "Related party disclosures" (revised 2009) - Amends the definition of a related party and modifies certain related-party disclosure requirements for government-related entities.

(b) New standards, amendments and interpretations issued but not effective

The following new standards, amendments and interpretations have been issued by IASB but are not effective for the year 2011. The early adoption of these standards, although encouraged by IASB, was not allowed in Brazil.

IFRS 9 - "Financial Instruments", addresses classification, measurement and recognition of assets and liabilities. IFRS 9 was issued in November 2009 and October 2010 and replaces the parts of IAS 39 relating to the classification and measurement of financial instruments. IFRS 9 requires the classification of financial assets into two categories: at fair value and measured at amortized cost. The determination is made at initial recognition. The basis of classification depends on the business model and the characteristics of the entity's contractual cash flows of financial instruments. With regard to financial liability, the rule holds most of the requirements established by IAS 39. The main change is where the fair value option for financial liabilities is adopted, the amount of change in fair value due to credit risk of the entity itself is recorded in other comprehensive income and not in the income statement, except when they result in accounting mismatch. The Company is evaluating the full impact of IFRS 9. The standard is applicable from 1st January 2013.

IFRS 10 - "Consolidated Financial Statements" is based on existing principles, identifying the concept of control as a major factor in determining whether an entity should or should not be included in the consolidated financial statements of the parent. The standard provides additional guidance for determining the control. The Company is evaluating the full impact of IFRS 10. The standard is applicable from 1st January 2013.

IFRS 11 - "Joint Agreements," issued in May 2011. The standard provides a more realistic approach to agreements together by focusing on the rights and obligations of the agreement rather than its legal form. There are two types of agreements, collectively: (i) joint operations - which occurs when an operator has rights to the assets and contractual obligations and keep a record as a result its share in the assets, liabilities, revenues and expenses, and (ii) shared control - occurs when an operator has rights over the net assets of the investment contract and accounted by the equity method. The method of proportional consolidation will no longer be allowed in conjunction with control. The standard is applicable from 1st January 2013.

IFRS 12 - "Disclosure of Interests in Other Entities", deals with the disclosure requirements for all forms of participation in other entities, including joint agreements, associations, special purpose shares and other equity-balance sheet arrangements. The Company is evaluating the full impact of IFRS 12. The standard is applicable from 1st January 2013.

IFRS 13 - "Fair Value Measurement", issued in May 2011. The objective of FRS 13 is to improve consistency and reduce the complexity of the measurement at fair value, providing a more precise definition and a single source of fair value measurement and disclosure requirements for their use in IFRS.

The Company is still assessing the full impact of IFRS 13. The standard is applicable from January 1, 2013.

26 Subsequent Event

In a meeting held on February 14, 2012, the Board of Directors proposed the distribution of additional dividends for the year ended December 31, 2011 in the amount of R$226,727, to be approved by the General Assembly of Shareholders.

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