

BM&F Bovespa S/A

ISIN CODE: BRBVMFACNOR3

Overall score 49/100

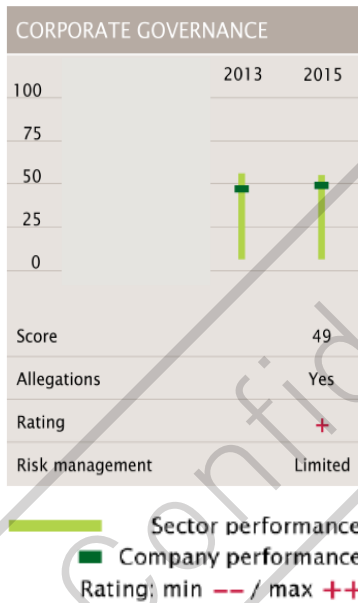
Sector: Financial Services –
General Emerging Market
Companies in sector panel: 33

Information rate: 54% (Sector average: 44%)
Company cooperation level: Not responsive *

General information

BM&F BOVESPA S.A. organizes, develops, and operates free and open securities markets for spot and future settlements in Brazil. The company's Bovespa segment offers services at various stages of the trading cycle, such as fixed and variable income, and equity securities on the stock exchange and over the counter. The Company is based in Brasil and was founded in 2008.

Main Economic Segment**	Turnover 2014
Bovespa	43.5 %
BM&F	38.6 %
Other	17.9 %



Key issues

Corporate governance is critical to ensuring that a well functioning system of checks and balances protects the interests of all of the company's stakeholders. The effectiveness of the Board of Directors (CGV1.1) is a key issue to be addressed: this can be gleaned from information on Board composition (independence and competencies) and its way of functioning (regularity of Board meetings, evaluation of performance). Other important corporate governance factors include the effectiveness of the Audit and Internal control system (CGV2.1), the protection of Shareholders Rights (CGV3.1) and the establishment of Executive Remunerations which align executives' and company's interests (CGV4.1).

Company performance

- The Company's performance in the Corporate Governance domain is limited in absolute terms.
- The domain's score has remained stable compared to the previous review.
- This is mainly explained by the separation of the roles of the Chairman and CEO and the relatively excellent level of independence of the Board of Directors. In addition, the audit committee seems to have a comprehensive role in overseeing internal and external controls. However, room for progress remain as regards the 'Shareholders' rights and 'Executive Remuneration' sustainability drivers, given the absence of reporting in this respect.
- The Company faced an allegation for internal control failures, on which the Company reports transparently.

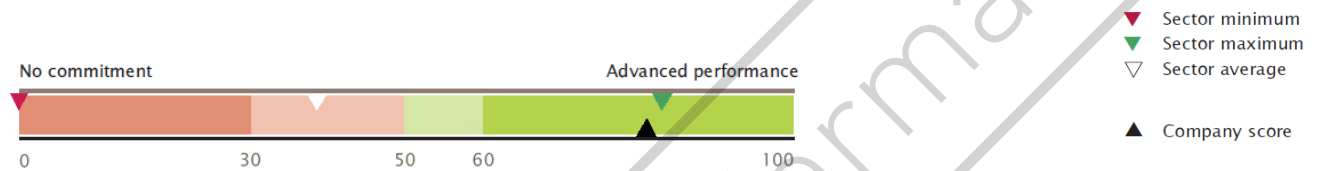
* On a 4-level scale: proactive, responsive, partially responsive, not responsive
 ** See detailed economic indicators in Selected financial data section
 *** Based on the most recent Index at the date of publication

Corporate Governance

Score : 49

CGV1.1 Board of Directors

(score: 81, weight: 3)



Existence and independence of Nomination Committee

All members are non-executive directors, and the majority are independent.
Two members of the three-member Nomination Committee are considered independent.

Independence of board Chairman

In accordance with standards advocated by Vigeo, the roles of Chairman and CEO are separated, and the Chairman is considered independent.

Total % of independent shareholder-elected board members

In accordance with standards advocated by Vigeo, the board is more than 50% independent.
Six members of the eleven-member Board are considered independent.

Skills and backgrounds of non-executive board members

Non-executive board members have complementary and relevant skills and backgrounds.

Training and expertise provided to board members

Information obtained from company and public sources regarding training provided to board members is insufficient.

Regularity of and attendance at board meetings

Regular meetings are held, but no attendance rates are disclosed.
Thirteen Board meetings were held during the last fiscal year (2014).

Regular election of board members

Board members are elected at least every 3 years, and these elections are not staggered.
Board members are eligible for re-election following two-year terms.

Evaluation of board functioning and performance

Performance is evaluated regularly, by a third party.
The Chair of the Board presides a Board annual self-evaluations. In addition, independent auditors have conducted formal evaluations to the Board.

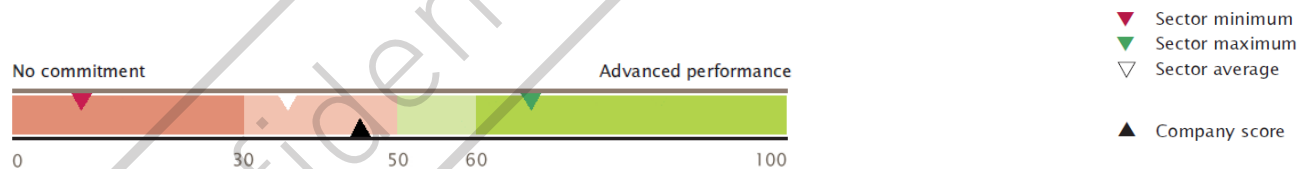
Review of CSR issues at board meetings

CSR issues were formally reviewed at the board level during the last fiscal year; however there is no non-executive board member explicitly responsible for CSR issues.
The Sustainability Report is included on the 2014 Annual Report who has been validated by the chairman of BM&FBOVESPA.

Non-independent board members (excl. employee representatives)	Role	Current or Former Executive	More than 9 years on board	Stock options or warrants	Paid >1/2 executive salary	Owns or represents >3% company's shares	Other
ANDRÉ SANTOS ESTEVES							Not considered independent member by BM&FBOVESPA.
CHARLES PETER CAREY							Member of the Administration Council of CME Group, BM&FBOVESPA's commercial partner.
DENISE PAULI PAVARINA							Not considered independent member by BM&FBOVESPA.
EDUARDO MAZZILLI DE VASSIMON							Not considered independent member by BM&FBOVESPA.
JOSÉ DE MENEZES BERENGUER							Not considered independent member by BM&FBOVESPA.

CGV2.1 Audit & Internal Controls

(score: 45, weight: 3)



Existence and independence of Audit Committee

All the 6 members of the Audit Committee are considered independent.

Skills and backgrounds of Audit Committee members

Members appear to have financial and audit experience and relevant operational experience.

Operational and CSR risks covered by the company's internal controls system

The system covers the standard issues related to financial, operational, and legal risks.

Existence and independence of Risk Committee

All members are non-executive directors, and the majority are independent.
Three members of the four-member Risk Committee are considered independent.

Role of the Audit Committee in overseeing internal and external controls

The Audit Committee does not oversee CSR risks but has a comprehensive role that includes:

- Oversee internal audit and internal controls
- Review accounting policies and be responsible for updates
- Nominate the statutory auditor
- Oversee the work of the external auditor
- Approve the type of audit and non-audit services provided and fees paid to the external auditor

Risk management function

There is an independent risk management function, but the CRO is not member of the executive committee.

Independence of the firm's external auditors

Information obtained from company and public sources regarding the independence of the firm's external auditors is insufficient.

Inclusion of CSR issues in company reporting

The company publishes significant social and environmental reporting, with quantitative indicators, but this reporting is not audited/reviewed by a 3rd party.



Reliability of the company's internal controls system

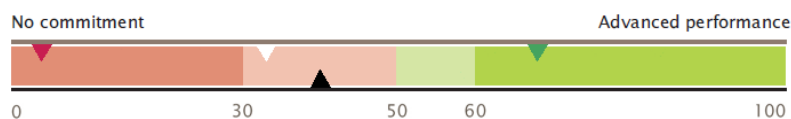
The company has faced an allegation for internal control failures during the period under review: stakeholders raise concerns. In May 2008, BM&FBOVESPA has acquired Bovespa Holding shares. According to press resources, in April 2015, a lawsuit was filed to BM&FBOVESPA accusing them of tax law violation regarding those shares that had acquired in May 2008. The company was fined with BRL 2 bn in the form of income tax and BRL 0.5 bn of contributions (USD 0.53 bn and USD 0.13 bn, respectively). In 2008 and 2009, the company was also fined due to an alleged improper deduction in the calculation base of these taxes (from the shares acquired in May 2008) on the value assigned to the goodwill.

Company responsiveness

The company reports transparently on the existence of this allegation. BM&FBOVESPA issued a statement saying that everything was regularly constituted and in strict accordance with the tax law.

CGV3.1 Shareholders

(score: 40, weight: 2)



Voting rights restrictions

The company respects the "one share - one vote" principle.

Existence of anti-takeover devices There is no reference to anti-takeover devices in the company's reporting.

Ability to add items to the agenda of the AGM and to convene an EGM. Information obtained from company and public sources, regarding the ability to add items to the agenda of the AGM and to convene an EGM, is insufficient.

Access to voting at General Meetings There are no major restrictions on shareholders' ability to vote, however there is no possibility of voting through online services.

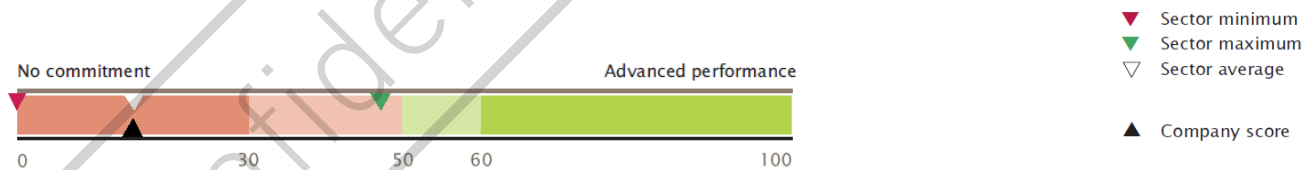
Governance and CSR items put to a vote at General Meetings Not all major items are put to a shareholder vote. In particular, shareholders are not given the opportunity to express an opinion on executive remuneration through a (non-binding) shareholder vote.

Voting results of the latest AGM Information obtained from company and public sources regarding voting results of the latest AGM is insufficient.

Feedback from shareholders and other stakeholders on the company's corporate governance performance A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

CGV4.1 Executive Remuneration

(score: 15, weight: 2)



Existence and independence of Remuneration Committee All members are non-executive directors, and the majority are independent. *Two members of the three-member Remuneration Committee are considered independent. BM&FBOVESPA called the Remuneration Committee as Compensation Committee.*

Disclosure of senior executives' individual remuneration Executive remuneration is disclosed, but on a collective rather than on an individual basis.

Link between Short Term Incentive Plans and the economic and CSR performance of the company There is no disclosure on what rules guide the company in allocating bonuses and other short-term incentives to senior executives.

Link between the main Long Term Incentive Plan and the economic performance of the company

There is no disclosure on what rules guide the company in allocating stock options and other long-term incentives to senior executives, and what performance conditions are attached to the right to exercise these incentives.

Risk alignment of remuneration

Information on risk adjustments of remuneration is insufficient.

Severance pay for senior executives

Information obtained from company and public sources regarding severance pay for senior executives is insufficient.

Confidential Information

Copyright Vigeo 2015 - Reproduction of this document in whole or in part is prohibited without the express written authorization of Vigeo and is protected by the provisions of the French Intellectual Property Code.

Contacts

Analyst : Loreto Patricia Vasquez Caroca • loreto-patricia.vasquez-caroca@vigeo.com
Sector Lead: Meryem Baskoun • meryem.baskoun@vigeo.com

Disclaimer

Copyright Vigeo 2015

Reproduction of this document in whole or in part is prohibited without the express written authorization of Vigeo and is protected by the provision of the French Intellectual Property Code.

The information in this document results from the application of Vigeo's Equities methodology and is based on sources which Vigeo believes to be reliable. However, the accuracy, completeness and up-to-dateness of this report are not guaranteed, and Vigeo shall under no circumstances be responsible for the strategy choices, management decisions and, more generally, decisions of any nature taken by the reader in reliance upon the information contained in this document.

Confidential Information