

- G. Swap Market Information

1. Please identify major organized markets and electronic execution facilities (and the Swaps-related regulator(s) for each) for the trading of Swaps.

The trading of Swaps in Brazil is done through OTC transactions. There are no electronic execution facilities for these types of trades. Organized derivative market at BM&FBOVESPA includes futures and options, which represent approximately 92% of all derivatives negotiated in Brazil.

a. For each market or facility, please provide a listing and description of the major contract classes and subclasses, such as credit default swaps (CDS),<sup>21</sup> equity swaps, currency swaps, interest rate swaps (IRS),<sup>22</sup> and commodity swaps;

Considering the comment above, BM&FBOVESPA offers trade repository, central counterparty and settlement services for OTC swaps. The main indexes are interest rates, currencies, equity indexes and inflation.

<sup>21</sup> For CDS, include: corporate single name, sovereign single name, multi-name, index; CDS on domestic and non-domestic reference assets (classified by country, in the latter case); and CDS between domestic and non-domestic participants (classified by country, in the latter case).

Not applicable.

<sup>22</sup> For IRS, include: underlying currency, structure, and maturity.

The main currency for Interest Rate Swaps in Brazil is the Brazilian Real (“BRL”) and most of the IRS are bullet transactions. It is important to mention, this type of instruments are not traded in organized markets, but registered at a trading repository.

b. For classes and subclasses of contracts identified in paragraph a above, please provide:

i. The trading volumes in 2009, 2010, and year-to-date; and

Market – USD Volume	2009	2010	Jan - Sep 2011
<b>Interest Rate</b>	<b>1,847,256,398</b>	<b>3,778,449,075</b>	<b>5,203,850,049</b>
DI x PRE	1,847,256,398	3,778,449,075	5,203,850,049
<b>Interest Rate x Exchange Rate</b>	<b>9,455,388,309</b>	<b>12,628,888,211</b>	<b>6,296,420,977</b>
DI x DOL	6,840,952,827	9,331,726,106	4,271,985,295
DI x euro	57,476,340	61,067,883	388,376,402
DOL x PRE	2,416,942,959	3,236,094,222	1,636,059,281
REU x PRE	140,016,183	0	0
<b>Interest Rate x Reference Rate</b>	<b>387,260,264</b>	<b>396,990,721</b>	<b>565,068,690</b>
DI x TR	387,260,264	101,918,820	565,068,690
DI x TJLP	0	295,071,901	0
<b>Interest Rate x Price Index</b>	<b>16,911,651,231</b>	<b>37,064,661,990</b>	<b>48,389,058,352</b>
DI x IGM	8,069,851,302	15,853,614,222	22,485,805,965
DI x IAP	8,841,799,929	20,987,859,738	25,439,023,978
IAP x PRE	0	205,628,488	411,535,080
IGM x PRE	0	17,559,542	52,693,329
<b>Interest rate x IBrX50</b>	<b>99,412,603</b>	<b>45,117,392</b>	<b>41,334,653</b>

DI1 x IBrX50	99,412,603	45,117,392	41,334,653
<b>Exchange rate</b>	<b>708,824,382</b>	<b>3,872,945,595</b>	<b>1,242,598,255</b>
DOL x JPY	364,771,879	493,541,898	478,250,051
DOL x REU	344,052,503	3,379,403,698	764,348,204
<b>Interest rate x stock basket</b>	<b>0</b>	<b>29,503,541</b>	<b>38,795,630</b>
Stock Basket x DI	0	29,503,541	38,795,630
<b>Price index</b>	<b>0</b>	<b>0</b>	<b>274,847,367</b>
IGM x IAP	0	0	274,847,367
<b>Swaps</b>	<b>29,409,793,188</b>	<b>57,816,556,526</b>	<b>62,051,973,973</b>

ii. The outstanding notional values at year-end 2008, 2009, 2010, and the most recent available.

Market – USD Volume	12/30/2008	12/30/2009	12/30/2010	08/31/2011
DI x USD	3,555,297,778	3,977,133,299	4,422,906,135	2,519,371,044
DI x IAP	10,859,595,269	18,765,912,445	32,018,366,408	39,966,797,259
DI x IGM	17,914,033,015	20,768,190,687	21,758,985,989	28,302,456,748
DI x PRE	7,513,285,409	3,720,733,853	4,302,171,624	6,371,023,532
DI x TR	1,205,181,429	1,357,517,229	1,117,338,255	906,507,168
Other	999,119,208	1,008,011,226	2,242,947,745	2,000,863,810
Swaps	42,046,512,108	49,597,498,741	65,862,716,155	80,067,019,560

2, Please identify major dealers participating in Swap markets (and the Swap-related regulator(s) for each),

The major dealers participating in Swap markets are: brokerage houses, banks, institutional investors, non-banking financial institutions, corporate clients, individual investors, international investors,

Securities and Exchange Commission of Brazil (CVM) is the regulator,

3, Please identify major central counterparties (and the Swap- related regulator(s) for each) for the clearing of Swaps,

BM&FBOVESPA is the major central counterparty in Brazil,

Securities and Exchange Commission of Brazil (CVM) is the regulator,

a, For each central counterparty, please provide a listing and description of the major classes and subclasses of cleared Swap contracts, such as CDS, equity swaps, currency swaps, IRS, and commodity swaps;

As previously explained, swaps are OTC transactions in Brazil, The main indexes are interest rates, currency swaps, equity indexes and inflation as listed below, Please notice that there is a broad number of admitted variable combinations that an investor can choose from which will result in a given swap contract code,

## List of Variables Admitted for Trading

### 1. Variables admitted for trading

- 1.1 **PRE:** The fixed rate.
- 1.2 **DII:** The Average One-Day Interbank Deposit (ID) Rate, calculated by CETIP – Custody and Settlement.
- 1.3 **DOL:** The exchange rate of Brazilian Reals (R\$) per U.S. Dollar for cash delivery, traded in the foreign exchange market, published by the Central Bank of Brazil (BACEN).
- 1.4 **TR:** The Reference Rate, published by the Central Bank of Brazil (BACEN).
- 1.5 **IGP:** A price index—The opening of new positions in swap combinations using this variable was suspended by Circular Letter 044/2002-DG, of April 2, 2002, which introduced variables IGM, IGD, IPC, INP, and IAP.
- 1.6 **OZ1:** The price of gold traded on the BM&F spot market.
- 1.7 **SEL:** The Daily Average Financing Rate for Federal Bonds established at SELIC (Special System for Settlement and Custody)—the SELIC rate—and published by the Central Bank of Brazil (BACEN).
- 1.8 **TBF:** The Basic Financial Rate, published by the Central Bank of Brazil (BACEN).
- 1.9 **ANB:** The average rate for time deposits, published by the Brazilian Association of Investment Banks (ANBID).
- 1.10 **IND:** The São Paulo Stock Exchange Index (Bovespa Index or Ibovespa).
- 1.11 **TJL:** The Long-Term Interest Rate (TJLP), published by the National Monetary Council (CMN).
- 1.12 **SB1:** A stock basket (Stock Basket 1), composed of stocks traded at the Sao Paulo Stock Exchange (BOVESPA) from among those authorized by BM&F.
- 1.13 **SB2:** A stock basket (Stock Basket 2), composed of stocks traded at the Sao Paulo Stock Exchange (BOVESPA) from among those authorized by BM&F.
- 1.14 **REU:** The exchange rate of Brazilian Reals per Euro.
- 1.15 **IDM:** The General Market Price Index (IGP-M), calculated by the Brazilian Institute of Economics (IBRE) of the Getulio Vargas Foundation (FGV).
- 1.16 **IGD:** The General Domestic Product Index (IGP-DI), calculated by the Brazilian Institute of Economics (IBRE) of the Getulio Vargas Foundation (FGV).
- 1.17 **IPC:** The Consumer Price Index (IPC), calculated by the Economic Research Institute Foundation (FIPE) of the University of Sao Paulo (USP).
- 1.18 **INP:** The National Consumer Price Index (INPC), calculated by the Brazilian Institute of Geography and Statistics (IBGE).
- 1.19 **IAP:** The Extended Consumer Price Index (IPCA), calculated by the Brazilian Institute of Geography and Statistics (IBGE).
- 1.20 **JPY:** The exchange rate of Brazilian Reals per Japanese Yen.
- 1.21 **IBR:** The Brazil Index-50 (IBrX-50).

### 2. Conditions for the creation of parameters

- 2.1. The application of a percentage different from 100% to the daily variation, referred to in [item 3.1](#) of the Swap Contract Specifications, is limited to variables DII and SEL.
- 2.2. The simultaneous use of an interest rate (TJ), to be added to the variable, and of a percentage different from 100% is not allowed.
- 2.3. Any variable combined with variable PRE can only have an interest rate (TJ) upon former approval by the Exchange.
- 2.4. Variable SB2 (Stock Basket 2) can only be combined with variable SB1 (Stock Basket 1).

**Combination of Variables Admitted for Trading  
and Respective Codes**

	1.PRE	2.DI1	3.DOL	4.TR	5.IGP	6.OZI*	7.SEL	8.TBF	9.ANB	10.IND	11.TJL	12.SB1	14.REU	13.IGM	16.IGD	17.IPC	18.INP	19.IAP	20.JPY	
1.PRE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.DI1	SDP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.DOL	SCP	SDC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.TR	STP	SDT	SCT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.IGP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.OZI*	SOP	SDO	SCO	STO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.SEL	SPF	SDS	SSC	SSI	-	SSO	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.TBF	SBP	SDB	SBC	STB	-	SBO	SBS	-	-	-	-	-	-	-	-	-	-	-	-	-
9.ANB	SAP	SDA	SCA	STA	-	SAO	SAS	SBA	-	-	-	-	-	-	-	-	-	-	-	-
10.IND	SNP	SDN	SCN	STN	-	SNO	SNS	SNB	SNA	-	-	-	-	-	-	-	-	-	-	-
11.TJL	SP	SDJ	SCJ	STJ	-	SJO	SJS	SJB	SJA	SNJ	-	-	-	-	-	-	-	-	-	-
12.SB1	SPH	SDH	SCH	STH	-	SOH	SBS	SBH	SAH	SNH	SJH	-	-	-	-	-	-	-	-	-
13.SB2	-	-	-	-	-	-	-	-	-	-	-	SBN*	-	-	-	-	-	-	-	-
14.REU	SEP	SDE	SCE	STE	-	SOE	SEE	SBE	SAE	SNE	SJE	SEB	-	-	-	-	-	-	-	-
15.IGM	SMP	SDM	SCM	STM	-	SOM	SEM	SBM	SAM	SNM	SJM	SMB	SME	-	-	-	-	-	-	-
16.IGD	SP	SDI	SCI	STI	-	SIO	SSI	SBI	SAI	SNI	SJI	SB	SEI	SMI	-	-	-	-	-	-
17.IPC	SPF	SFD	SFC	SFT	-	SFO	SFS	SFF	SFA	SFN	SJF	SDD	SEF	SMF	SIF	-	-	-	-	-
18.INP	SPP	SDX	SCX	STX	-	SOX	SXS	SBX	SAX	SNC	SJX	SXB	SXE	SMX	SIX	SFX	-	-	-	-
19.IAP	SLP	SDL	SCL	STL	-	SOL	SIL	SBL	SAL	SNL	SJL	SLL	SLE	SML	SIL	SFL	SXL	-	-	-
20.JPY	SPY	SDY	SCY	STY	-	SOY	SY	SBY	SAY	SNY	SJY	SYB	SYE	SMY	SIY	SFY	SXY	Sly	-	-
21.IBR	SRP	SDR	SCR	STR	-	SOR	SER	SBR	SAR	SNR	SJR	SRB	SER	SMR	SBR	SFR	SXR	SLE	SY	-

For the variables or combinations marked with an asterisk (\*), transactions with the guarantee feature are not admitted; for the other variables, the limitations listed in Annex I must be observed.

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b, For classes and subclasses of contracts identified in paragraph a above, please provide:

i, The clearing volumes for 2009, 2010, and year-to-date; and

**This information is not available to the public.**

ii, The outstanding notional values at year-end 2008, 2009, 2010, and the most recent available;

**Outstanding Volume Notional USD - 12/30/2009**

Market	With Guarantee Feature	Without Guarantee Feature	Total
IAP x DI1	18,774,527,232	0	18,774,527,232
IGM x DI1	22,265,601,851	22,972,663	22,288,574,513
DI1 x PRE	6,366,693,398	1,460,217,092	7,826,910,490
DOL x DI1	4,485,829,187	227,256,960	4,713,086,147
DI1 x TR	1,380,489,892	0	1,380,489,892
DOL x PRE	19,787,980	0	19,787,980
DI1 x TJL	234,081,201	0	234,081,201
PRE x IAP	0	0	0
IGM x IAP	206,753,963	0	206,753,963
REU x DI1	57,837,299	10,125,827	67,963,126
JPY x DOL	83,748,244	0	83,748,244
IGM x PRE	0	0	0
DOL x REU	258,209,353	0	258,209,353
DOL x IGM	41,986,377	0	41,986,377
IBR x DI1	11,486,331	0	11,486,331
DOL x IGM	0	84,235,345	84,235,345
SB1 x DI1	0	0	0

**Outstanding Volume Notional USD - 12/30/2010**

<b>Market</b>	<b>With Guarantee Feature</b>	<b>Without Guarantee Feature</b>	<b>Total</b>
IAP x DI1	32,036,371,476	0	32,036,371,476
IGM x DI1	23,314,333,826	24,006,722	23,338,340,548
DI1 x PRE	3,225,559,428	1,151,770,496	4,377,329,924
DOL x DI1	4,562,524,519	1,772,296	4,564,296,815
DI1 x TR	1,159,350,018	0	1,159,350,018
DOL x PRE	672,509,935	3,020,706	675,530,641
DI1 x TJL	551,424,638	0	551,424,638
PRE x IAP	217,500,900	0	217,500,900
IGM x IAP	216,060,497	0	216,060,497
REU x DI1	95,055,934	0	95,055,934
JPY x DOL	47,755,886	0	47,755,886
IGM x PRE	12,003,361	0	12,003,361
DOL x REU	161,577,220	0	161,577,220
DOL x IGM	26,336,358	0	26,336,358
IBR x DI1	0	0	0
DOL x IGM	0	80,796,163	80,796,163
SB1 x DI1	27,626,102	0	27,626,102

c, For each central counterparty, please provide:

i, A description of the method used to clear Swaps;

The Settlement method used to clear swaps at BM&FBOVESPA can be:

(a) Regular Settlement

(b) Reset

**Regular Settlement**

On the expiration date, the contract shall be cash settled by the value resulting from the following formula:

$$VL_t * (VI * FCA_{1t}) - (VI * FCA_{2t})$$

where:

VL<sub>t</sub> = the settlement value of the contract on day “t;”

VI = the initial value;

FCA<sub>1t</sub> = the accumulated indexation factor of parameter “1” referring to variable “1,”

FCA<sub>2t</sub> = the accumulated indexation factor of parameter “2” referring to variable “2,”

The settlement value, if positive, shall be credited to the buyer and debited to the seller of the contract, If negative, it shall be credited to the seller and debited to the buyer of the contract, The settlement values shall be cash settled on the expiration date, in observance to the following criteria:



(a) Both parties choose to trade with the guarantee feature

The settlement value shall be disclosed in the clearing reports of both parties, issued by BM&F, and cash settled through the Clearing System,

(b) The creditor chooses to trade with the guarantee feature and the debtor chooses to trade without the guarantee feature

The settlement value shall be disclosed in the clearing reports of both parties, issued by BM&F, and cash settled through the Clearing System,

(c) All other cases

The settlement value shall be informed by BM&F, but it shall be cash settled directly between the parties,

For more information please access the link:

<http://www.bmf.com.br/bmfbovespa/pages/contratos2/pdf/SwapContracts.pdf>

- ii. A description of the systems used to establish margin on individual Swaps and on Swap portfolios; and

The margin of a swaps portfolio must be enough to cover the futures settlement values of all the positions, The methodology to calculate the margin for swap portfolios is based on the calculation, under stress scenarios, of the portfolio's cash flow at present value, and the margin value ultimately derives from the scenario resulting in the biggest risk, The portfolio risk, in turn, is measured through the cash flow accumulated value,

The hypothesis that a swap position cannot be settled before its maturity implies the non-offsetting between settlement values on different dates when the negative flow precedes the positive flow,

Stress Test on Cash flowCash flow – Margin Calculation Methodology for Swap Contracts Portfolio:

APPLICATION	METHODOLOGY	SCENARIOS	OFFSETS	PROVIDER
OTC derivatives	Cash flow decomposition	Stress	Risk factors, joint scenarios	BM&FBOVESPA

- iii, The name of each major clearing member of the central counterparty (and the Swap-related regulator(s) for each),

Clearing Member	
Code	Denomination
39	AGORA CTVM S/A
4	ALFA CCVM S/A
98	ALPES CCTVM S/A
147	ATIVA S/A CTCV
233	BANCO ALVORADA S/A
591	BANCO BARCLAYS S/A
269	BANCO BBM S/A
251	BANCO BNP PARIBAS BRASIL S/A
945	BANCO BRADESCO BBI S/A

497	BANCO BRADESCO S/A
245	BANCO BRASCAN S/A
261	BANCO BTG PACTUAL S/A
491	BANCO CAIXA GERAL - BRASIL S/A
247	BANCO CITIBANK S/A
314	BANCO CRUZEIRO DO SUL S/A
833	BANCO DE INVEST, CREDIT SUISSE (BRASIL) S,A,
254	BANCO DO BRASIL S/A
249	BANCO FIBRA S/A
121	BANCO INTERCAP S/A
252	BANCO ITAU BBA S/A
206	BANCO J,P,MORGAN S/A
126	BANCO MORGAN STANLEY S/A
123	BANCO RABOBANK INTERNATIONAL BRASIL S/A
304	BANCO SAFRA S/A
622	BANCO SANTANDER (BRASIL) S,A,
639	BANCO SOCIETE GENERALE BRASIL S/A
264	BANCO VOTORANTIM S/A
277	BANCO WESTLB DO BRASIL S/A
102	BANIF CVC S/A
54	BES SECURITIES DO BRASIL S/A CCVM
72	BRADESCO S/A CTVM
85	BTG PACTUAL CTVM S/A
298	CITIBANK DTVM S/A
51	CITIGROUP GLOBAL MARKETS BRASIL CCTVM S/A
88	CM CAPITAL MARKETS CCTVM LTDA
74	COINVALORES CCVM LTDA
23	CONCORDIA S/A CVMCC
127	CONVENCAO S/A CVC
2	CORRETORA SOUZA BARROS CAMBIO E TITULOS S/A
95	CREDIT SUISSE HEDGING GRIFFO C,V, S/A
659	DEUTSCHE BANK S/A - BANCO ALEMAO
133	DIBRAN DTVM LTDA
244	DRESDNER BANK BRASIL S/A BANCO MULTIPLO
33	ESCRITORIO LEROSA S/A CORRETORES DE VALORES
131	FATOR S/A - CORRETORA DE VALORES
120	FLOW CCTVM S/A
271	GOLDMAN SACHS DO BRASIL BANCO MULTIPLO SA
227	GRADUAL CORRET DE CAMBIO TIT E VALS MOB SA
259	HSBC BANK BRASIL S/A BANCO MULTIPLO
70	HSBC CTVM S/A
735	ICAP DO BRASIL CTVM LTDA
15	INDUSVAL S/A CTVM
253	ING BANK N,V,
76	INTERBOLSA DO BRASIL CCTVM LTDA

239	INTERFLOAT HZ CCTVM LTDA
114	ITAU CV S/A
248	ITAU UNIBANCO S/A
8	LINK S/A CCTVM
122	LIQUIDEZ DTVM LTDA
158	LOPEZ LEON BROKERS BRASIL DTVM LTDA
255	M,SAFRA & CO, DTVM S/A
1	MAGLIANO S/A CCVM
83	MAXIMA S/A CTVM
40	MORGAN STANLEY CTVM S/A
564	NOVA FUTURA DTVM LTDA
63	NOVINVEST CVM LTDA
129	PLANNER CV S/A
150	PROSPER S/A CVC
92	RENASCENCA DTVM LTDA
59	SAFRA CORRETORA DE VALORES E CAMBIO LTDA
27	SANTANDER CCVM S/A
34	SCHAHIN CCVM S/A
110	SLW CVC LTDA
58	SOCOPA SOCIEDADE CORRETORA PAULISTA S/A
10	SPINELLI S/A CVMC
99	TENDENCIA CCTVM LTDA
82	TOV CCTVM LTDA
37	UM INVESTIMENTOS S/A CTVM
3	XP INVESTIMENTOS CCTVM S/A

For more information please access the link:

<http://www.bmfbovespa.com.br/shared/iframe.aspx?altura=1100&idioma=en-us&url=www2.bmf.com.br/pages/portal/bmfbovespa/associados2/associadosPesquisa2.asp>