

CSDs: CBLC (Brazil)

Date: 26 Mar 2008

Countries: Brazil

Markets: Brazil

Possible Merger Between BOVESPA and BM&F - Update

Further to our previous newsflash, Bolsa de Valores de São Paulo (BOVESPA) and Bolsa de Mercadorias & Futuros Exchange (BM&F) have announced that the Boards of Directors of each exchange will submit a proposal to their shareholders regarding the integration of the activities of the two companies, which will be implemented according to a restructuring plan that would first require the organisation of a new company, provisionally referred to as Nova Bolsa.

Under the proposed restructuring plan, Nova Bolsa will be a public company, registered as such with the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários), or CVM, whose shares will be listed to trade on the Novo Mercado. Upon approval of the transactions related to the restructuring plan, Nova Bolsa will issue common shares to be allocated to the shareholders of BM&F and of Bovespa Holding, on the basis of 50% for each company. Additionally, the shareholders of Bovespa Holding will receive BRL 1.24 billion (around USD 711 million) in cash.

The Boards of Directors of the two companies have authorised their management teams to complete the reciprocal due diligence and proceed with the preparatory actions and measures required for the proposal to be submitted to the shareholders. This structure will also be submitted for approval by the CVM, the Central Bank of Brazil and the Administrative Council for Economic Defense (Conselho Administrativo de Defesa Econômica), or CADE.

CSD Risk Impact

CBLC (Brazil)

Impacted Risk Type: Financial Risk

Current Rating = A+

Flash Impact = On Watch

The possible merger between Bovespa Holdings and BM&F will rationalise the market infrastructure in Brazil. It will also change CBLC's ownership structure, which is currently 100% owned by Bovespa Holding. The overall impact will depend upon the outcome of the merger and the ownership structure of the new enlarged company. Thus financial risk has been put on watch.

Market Information Impact

Brazil

This information affects the data contained in the Stock Market and Local Market Administrative Organisations sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Brazil

Market Rating: A+

Market Flash Impact: On Watch

Impacted Risk Type: Financial Risk

Current Rating = A

Flash Impact = On Watch

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Related Flash: [Possible Merger Between BOVESPA and BM&F, 20/02/2008 \(click to view\)](#)

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