

# POLICY ON RELATED PARTY TRANSACTIONS AND OTHER CONFLICT OF INTEREST SITUATIONS

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## 1 PURPOSE<sup>1</sup>

The purpose of this Policy is to establish rules to ensure that all decisions involving transactions with related parties and other situations involving potential conflicts of interest are made with the interests of BM&FBOVESPA (“Company”) and its shareholders in mind.

## 2 SCOPE

This Policy applies to all BM&FBOVESPA Group entities.

## 3 REFERENCES

### Internal

- BM&FBOVESPA S.A.’s Corporate Bylaws
- BM&FBOVESPA Code of Conduct
- Audit Committee Bylaws
- Policy Governing the Acquisition of Goods & Services
- Purchasing Rules

### External

- Brazilian Accounting Pronouncements Committee (CPC) – Technical Pronouncement CPC 05 (R1)
- CVM Deliberation 642/10
- CVM Instruction 480/09

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<sup>1</sup> This is a free translation provided solely for the convenience of English-speaking readers and is not legally binding. Any questions arising from the text should be clarified by consulting the original in Portuguese. In the event of any discrepancy, the original in Portuguese shall prevail.

- Law 6404/76 (Corporations Law)

## 4 DEFINITIONS

### 4.1 Related Party Transactions

Related parties are individuals or legal entities with which the Company may contract on terms and conditions that are not “arm’s length”, i.e. characterized by the independence and equal footing typical of transactions with third parties that are not related to the Company.

CPC Technical Pronouncement no. 5 (R1) defines related party transactions as “transfers of funds, services or obligations between a reporting entity and a related party, regardless of whether a consideration is paid”. The following are examples of the most common related party transactions:

- Purchase or sale of products and services;
- Loans or advances;
- Agenting and licensing;
- Surety, endorsement and other guarantees;
- Transfers of technology and research;
- Sharing of infrastructure or structure;
- Sponsorships and donations.

The same Technical Pronouncement states that persons or entities related to the Company are considered related parties.

A person is deemed to be related to the Company when the person or a close relative:

- (a) has sole or shared control of the Company;

(b) has significant influence over the Company;

(c) is a significantly influential member of the Company's management or of the management of its parent company, significantly influential members of management meaning those who have authority and responsibility for planning, direction and control of the Company's activities, directly or indirectly, including any administrator (whether or not he or she is an executive officer). For the purposes of this Policy, significantly influential members of the Company's management include each of the members of the Board of Directors, of the Advisory Committees to the Board of Directors and of the Executive Board, as well as other non-statutory directors.

Close relatives means family members who can be expected to influence or be influenced by the person in transactions with the Company, including (i) the person's spouse or partner and children; (ii) the children of the person's spouse or partner; (iii) the person's dependants and the dependants of the person's spouse.

An entity is deemed to be related to the Company when this entity:

(a) (i) controls or is controlled by the Company, or is under the Company's common control (including a parent company or a subsidiary); (ii) has significant influence on the Company; or (iii) has joint control over the Company;

(b) is an affiliate of the Company or of a third entity that is jointly controlled by the Company;

(c) and the Company belong to a joint venture controlled by a third entity;

(d) is fully or jointly controlled or significantly influenced by a person of the type described in item I (c), or in which such a person has significant voting power, directly or indirectly; or

(e) is a post-employment benefit plan whose beneficiaries are the Company's employees or the employees of any entity that is a related party to the Company.

## **4.2 Situations involving conflicts of interest**

Conflicts of interest arise when a person is involved in a decisionmaking process in which they have the power to influence the final result and to obtain an advantage for themselves, for a close relative as defined here, or for a third party, or in which their capacity to decide impartially may be impaired.

In the case of BM&FBOVESPA, potential conflicts of interest are those in which for whatever reason the personal goals of decisionmakers may not be aligned with the Company's objectives in specific matters.

Given the potential conflicts of interest in such situations, BM&FBOVESPA seeks to ensure that all decisions that may give rise to a private benefit for any of its officers, their relatives or persons or entities related to them are made with complete fairness and aligned with the Company's interests.

## **4.3 Market conditions**

Market conditions are conditions for which the following principles are observed during negotiations: (i) competitiveness (service prices and conditions compatible with those practiced in the market); (ii) conformity (compliance by the services provided with the contractual terms and responsibilities practiced by the Company, and with adequate information security controls); (iii) transparency (adequate reporting of the agreed conditions and their reflections in the Company's financial statements); and (iv) equity (establishment of mechanisms that prevent discrimination, privilege and the use of insider information or business opportunities for the benefit of any employee or third party). The principles and procedures to be followed in negotiations between related parties are the same as those that govern the Company's arm's length negotiations with independent parties.

#### **4.4 Significant amount**

An amount equal to or in excess of one-tenth of one per cent (0.1%) of the Company's net worth with respect to transactions arising in the period of one (1) year from a single contract or successive contracts with the same object.

### **5 RULES**

#### **5.1 Formalization of transactions with related parties**

All transactions with related parties must be formalized contractually in accordance with the following criteria:

- (a) the transaction must be aligned with market conditions, as defined above;
- (b) the contract must detail the terms and purpose of the transaction;
- (c) the impact for both the Company and the related party must be considered, among other relevant points;
- (d) the transaction must comply with the Purchasing Rules.

#### **Transactions involving a significant amount**

The Chief Financial Officer analyzes all proposed contracts involving a significant amount in advance of their submission to the Company's Executive Board and Board of Directors, issuing an opinion on each proposal.

Such transactions are approved by the Board of Directors only if an absolute majority of its members vote in favor, excluding any related parties that may be involved.

#### **Other transactions**

The Chief Financial Officer (CFO) analyzes all proposed related party transactions in advance of their submission to the Company's Executive Board, issuing an opinion on each proposal.

Such transactions are approved by the Executive Board only if an absolute majority of its members vote in favor, excluding any related parties that may be involved.

### **All transactions**

All related party transactions must be approved by the Company's Executive Board in a collegiate manner.

The CFO reports all related party transactions concluded in each quarter to the Audit Committee.

### **5.2 Prohibited transactions**

The following related party transactions are prohibited, except where otherwise decided by the competent bodies, with any related parties involved abstaining:

- (a) transactions not agreed in accordance with market conditions as defined above;
- (b) loans to persons with significant influence;
- (c) transactions between legal entities that are related parties where such transactions do not involve activities regularly and commonly performed by such legal entities in the normal course of business (including but not limited to sale or purchase of goods and services, transfer of research and technology, infrastructure or structure sharing, and administrative or operational support activities).

### **5.3 Exceptions**

The following are considered exceptions to related party transactions:

- (a) advances of monies due or remuneration in other forms, such as bonuses, stock options and grants etc., to persons with significant influence;

(b) operational transactions between BM&FBOVESPA S.A. and Banco BM&FBOVESPA S.A., such as rediscount operations.

#### **5.4 Decisions involving related parties or other potential conflicts of interest**

When any officer of the Company with significant influence in its management identifies a potential conflict of interest, they must immediately disclose it and recuse themselves from all discussions and voting on the matter. They may participate in some discussions in order to provide more information on the transaction and the parties involved, if so requested by the Chairman of the Board of Directors or by the Chief Executive Officer, as the case may be. In this case they must abstain from the final discussion and from voting on the transaction.

If a person with significant influence in management who stands to gain a private advantage from a decision fails to disclose this conflict of interest, any other member of the governance body to which the person belongs may do so on finding out about it.

Failure to disclose a conflict of interest voluntarily by a person with significant influence in management is a violation of this Policy and will be submitted to the Executive Board for evaluation and possible proposal of corrective action to the Board of Directors.

Disclosure of a conflict of interest and consequent abstention of the person with significant influence must be included in the minutes for the meeting.

#### **5.5 Transparency**

The Company must disclose related party transactions in sufficient detail for the related parties to be identified, as well as any essential or not strictly commutative conditions inherent in the transactions in question, thereby affording the Company's shareholders full knowledge of management's actions so that they can verify whether management is performing its legal and corporate duty.

This information will be disclosed clearly and accurately in the footnotes to the Company's financial statements, as required by the applicable accounting principles. Besides making such disclosure, the Company must also disclose related party transactions to the market in accordance with the provisions of BM&FBOVESPA S.A.'s Corporate Governance Listing Rules.<sup>2</sup>

## **6 RESPONSIBILITIES**

### **6.1 HR Department**

Maintaining (keeping up to date and available) a database with the names of significantly influential officers of the Company and close relatives for use by the Administrative Department in identifying suppliers with related parties on their staff.

### **6.2 Administrative Department**

Establishing a routine for identifying and reporting on suppliers whose staff may include persons with significant influence in the Company's management or close relatives, using the database maintained by HR.

### **6.3 Financial Department**

Publishing detailed footnotes to financial statements on transactions between the Company and related parties for the purpose of disclosure to external stakeholders.

### **6.4 Line Managers**

Ensuring that related party transactions within the scope of the activities they manage are treated in compliance with this Policy.

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<sup>2</sup> Particularly the additional requirements of ITRs (quarterly financial statements) and CVM Instruction 480/09.

## 6.5 Persons with significant influence

Keeping up to date their details held by HR, and spontaneously declaring any change in the details of close relatives or the companies in which they invest or participate.

## 7 CONTROL INFORMATION

**Validity:** From May 2016

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**Areas responsible for this document:**

Responsible for:	Area
Drafting	Corporate Procurement and Shared Services
Revision	Financial Department
Approval	Board of Directors

Version	Item changed	Change	Rationale	Date
1	NA	NA	NA	2/13/2014

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