

BM&F RULES OF CONDUCT

GRADUAL CCTVM S/A

Decision - 451 Council Meeting

This decision establishes the rules of conduct that deal with article 3 of CVM (Brazilian Securities Commission), Instruction 387 from April 28, 2003 and the criteria for the creation, by broker firms, of its Rules and Parameters of Operation, which article 6 of this Instruction deals with.

The Council of the Commodities and Futures Exchange (BM&F), in a meeting held on this date, in the use of the powers conferred upon it by section II of article 51 of its Articles of Incorporation, and bearing in mind the provisions of article 3 of CVM Instruction 387 from April 28, 2003.

HEREBY DECIDES:

Article 1: Besides observing the applicable legal provisions and the regulations issued by the CVM (Brazilian Securities Commissions), the Brazilian Central Bank, the BM&F and by the other competent authorities, each of which in its respective sphere of competence, members of the BM&F (the “members”) must observe the rules of conduct and the criteria for the creation of their Rules and Parameters of Operation established by this decision.

Article 2: Bearing in mind the provisions of article 3 of CVM Instruction 387, members should observe, on the conduct of their activities and in the relationship with their clients and with the other market participants, as a minimum, the following rules of conduct:

I. Members must act in the best interests of their clients, aiming to uphold the market’s integrity and maintaining high ethical standards in trading, training and behavior in their relations with the BM&F, with other members, with their clients and with other market participants;

II. Members should present their clients with information on the operation and characteristics of the securities markets, on the place of trading and trading systems of BM&F registration, as well as on the procedures for the execution of orders and the risks involved in the operations carried out;

III. Members must make available to their clients, before starting business, the Rules and Parameters of Operation that they have established under the terms of this Decision; IV. The Members should implement norms and procedures for internal controls that offer wide and updated knowledge on the financial knowledge and operational characteristics of their clients;

V. Members must establish controls on all types of money and assets received from their clients;

VI. Members must maintain the registration and documents relating to the receipt, transmission and execution of orders;

VII. Members must supply their clients, in a timely manner, with all the documentation relating to the operations that they have carried out;

VIII. Members must not contribute to the distribution or circulation of inaccurate news or information on securities, in the markets administered by the BM&F or on the participants of such markets;

IX. Members must not adopt conduct or use procedures that may come to, directly or indirectly, represent fraudulent operations, the creation of false markets, price manipulation or inequitable prices, as defined in the regulations in effect;

X. Members should not carry out operations, on their own behalf or for their clients, that place at risk their own ability to settle them physically or financially;

XI. Members must maintain confidentiality on the operations they carry out and on other data and information on their clients, under the terms of the legislation in effect.

Article 3: Members must, in establishing their Rules and Parameters of Operation demonstrate clearly and unequivocally their mode of operation, detailing at least:

I. The types or orders, the timetable for the receipt and their valid term;

II. The procedures for refusal, registration, issue, execution, distribution and cancellation or orders;

III. The form of meeting orders received and the way of distributing trades made, as well as the criteria used in the event of a conflict of interest and competition.

Unnumbered Paragraph: In dealing with cases of a conflict of interest and competition between orders, the Rules and Parameters of Operation referred to in the preamble of this article must establish the procedures necessary to ensure fair and equitable treatment, observing the regulations in effect.

Article 4: The Members are responsible for the observance of the provisions within the Rules and Parameters of Operation established under the terms of the previous article.

Article 5: The administrators, directors, employees, agents and representatives of all types, of BM&F members, as well as the self-employed agents linked to them, must have a spotless reputation, moral integrity, technical expertise and the necessary specialization to carry out their jobs and have their respective registrations and authorizations by the Brazilian Securities Exchange Commission (CVM), when required.

Article 6: The representatives of member firms that operate on the trading floor or in the trading systems or registered by the BM&F must act with total decorum, always observing the standards of ethics and conduct compatible with the function they perform.

Article 7: Doubts surrounding the interpretation or application of this Decision will be settled by the BM&F 's Council.

Article 8: This decision will come into effect on the date that comes to be set by the Director General.

This document was signed in the Meeting Room of the Council of the Commodities and Futures Exchange - the BM&F, on June 24, 2003.

Edemir Pinto - General Director