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Annex VIII

This User´s Manual has an informative and complementary character in relation to the Auction for the Sale of Certified Emission Reductions No. 001/2012, promoted by the City of São Paulo and performed by BM&FBOVESPA S.A. - Securities, Commodities and Futures Exchange ("Auction").

Not all functionalities described in this Manual are applicable to the Auction. If there is conflict between the provisions of this document and the Notice of Invitation to Tender, the Notice shall prevail.

Functionalities of the BM&FBOVESPA Carbon Credit Trading System

User's Manual

Functionalities of the BM&FBOVESPA Carbon Credit Trading System

Contents

Functionalities of the BM&FBOVESPA Carbon Credit Trading System

1. Introduction

1.1 Purpose

The purpose of BM&FBOVESPA's electronic system is to allow the trading of instruments whose underlyings are related to the carbon market and to BM&FBOVESPA S.A. - Securities, Commodities and Futures Exchange markets.

Electronic trading occurs through the processing and matching of orders (bids and asks) by system algorithms processed by the computers in which the system is executed. These algorithms are detailed in this Manual.

The Web trading interface, operating via internet, allows for both the monitoring of transactions by participants and the registration of orders by traders.

1.2 Installation

By virtue of being a Web-based application, the BM&FBOVESPA carbon credit trading system requires no specific installation procedure. However, to ensure its adequate operation, the following minimum installation prerequisites, including equipments and software, must be met:

- Minimum hardware: Pentium IV, 1GHz, 512MB of RAM memory, 1GB of free disk space;

- Minimum software: Windows 2000 or Windows XP, Internet Explorer 6, disabled antipop-up, cookies enabled for Internet Explorer, and video configured for 1024 X 768 pixels.

2. System overview

In this section, a general overview of the system is presented, including the functionalities and algorithms which are processed in the BM&FBOVESPA central servers, as well as the characteristics of the Web trading interface and the monitoring of trading.

2.1 Trade processing

Trading presupposes the existence of traders (buyers and sellers) and the surveillance activities performed by BM&FBOVESPA.

The electronic trading system allows for the execution of two types of trading, each having its own characteristics and algorithms, as described below.

2.1.1 Best price auction

The type of trading session where orders are consecutively registered by traders, but no trade is effectively executed until the end of the auction.

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Once the auction is over, trades are executed on a best price basis, which means the highest price in a sale auction and the lowest price in a purchase auction.

At the BM&FBOVESPA's discretion, provided that all the rules established prior to the auction are observed, more than one trade may be executed at the end of the auction, even at different prices.

2.1.2 Continuous trading

The type of trading which may occur following an auction, as described in the previous item, provided there are lots available for trading. In this type of trading, trades may be executed as bids (asks) are registered at a price higher than (lower than) or equal to the ask (bid) price registered at the opening of the ongoing session.
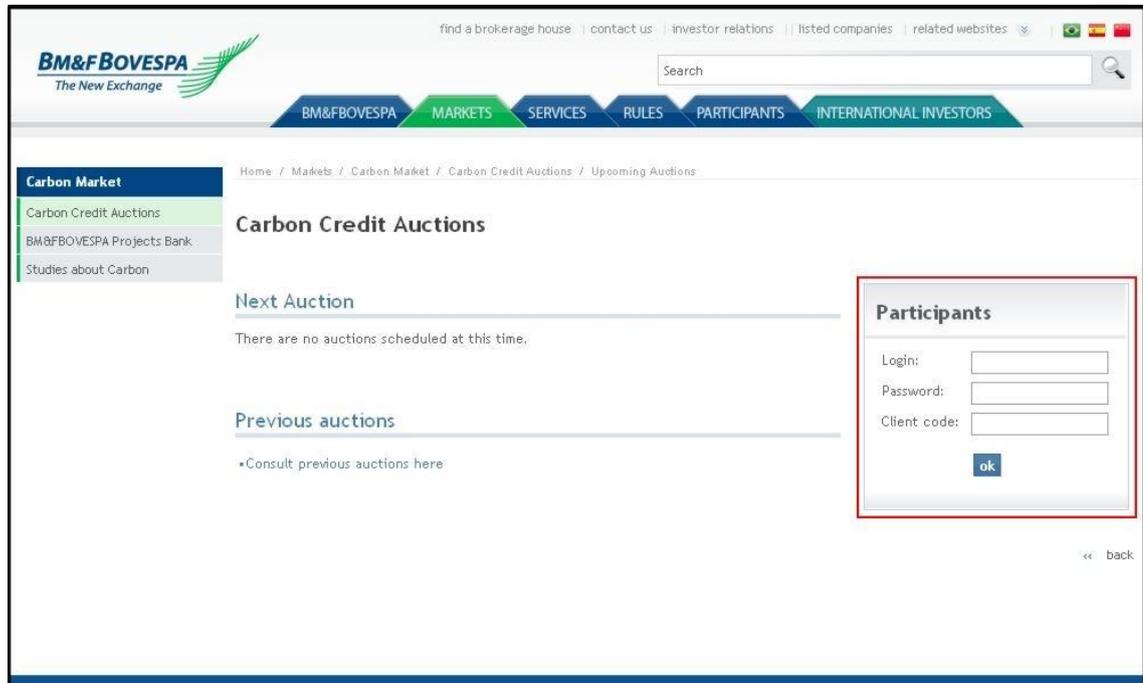
2.2 Order types

There are orders to buy and orders to sell. The traders can only register a single order type, according to their nature. To register an order in the system, the corresponding price must be given.

2.3 Access to the system

Users have access to the system's entry page through the following Website link: http://www.bmfbovespa.com.br/carbonauction

1 – Accessing the system

Each user is identified by a login and a password. The functionalities assigned to users are determined in accordance with their respective profiles, as explained below:

- Trader: The carbon credit trader who can access the sell or buy functionalities;
- Observer: The participant who can only access the functionalities related to the monitoring of trading, with no authorization to send orders or messages.

2.4 Web trading interface

2 – Web trading interface

The main system functionalities are listed below:

- Language
- UTC time
- Brasilia time
- Market summary
- Market trades
- Order registration
- Market by order
- Order management
- Messages
- Notification

These functionalities are detailed below.

3. Language

The electronic trading system may be visualized in Portuguese or English. The language for the system interface may be easily altered by clicking on the flag corresponding to the language desired.

3   – Language

4. Time

This functionality provides the time furnished by the electronic trading system servers, which are synchronized with the official Brasilia time. The UTC time (Coordinated Universal Time) is also displayed.

4 – Time

5. Market summary

This functionality allows the monitoring of trade-related information in a summarized form, including the option to monitor multiple instruments in a consolidated manner.

This screen provides a link to instrument details, besides furnishing basic information about the continuous trading session, namely: instrument maturity, quantity for the best bid, quantity for the best ask, price for the best bid, price for the best ask, minimum price, minimum quantity, maximum quantity, instrument status, initial and final trading time. In this section of the screen, the trader chooses an instrument to monitor and trade.

Project	Instrument	Maturity	Bid Qty	Bid Price	Offer Price	Offer Qty	Min Price	Min Qty	Max Qty	Status	Opening da
Energy Efficiency Project	CERP089D	SPOT					10.00	100,000	300,000	Under auction	22/06/2007
Cogeneration Project	CERP092D	SPOT					12.00	500,000	1,000,000	Under auction	22/06/2007
Landfill gas Project	CERP091D	SPOT	200,000	14.00			11.00	200,000	600,000	Under auction	22/06/2007

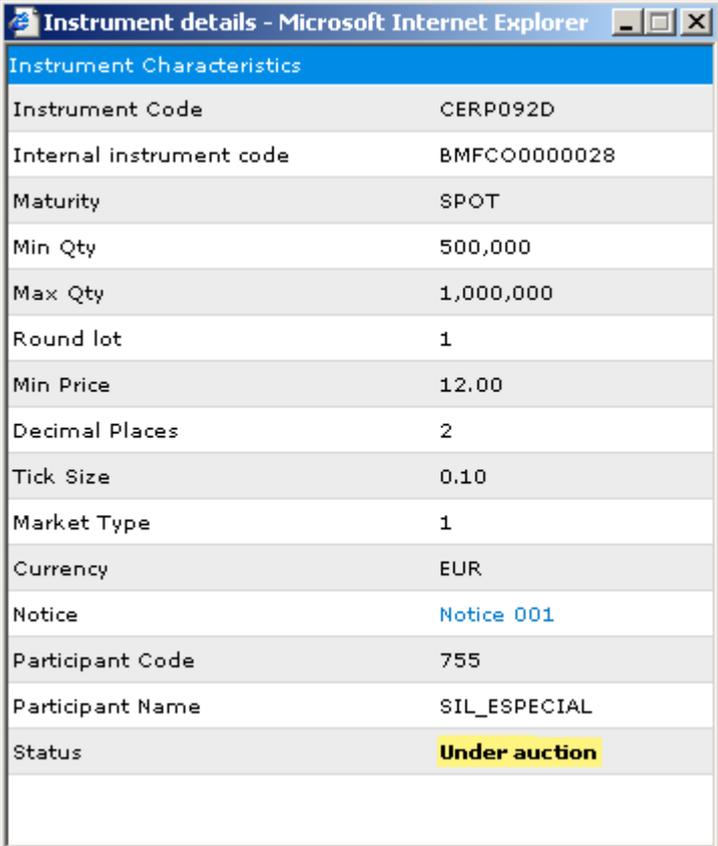**5 – Market summary**

5.1 Instrument characteristics

The link to the screen "instrument characteristics" is to the left of the respective instrument, on the same line.

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6 – Link to "instrument characteristics"

Upon clicking on the link shown in the above illustration, the "instrument characteristics" window opens up, displaying information about the selected instrument.

7   – Window "instrument characteristics"

Functionalities of the BM&FBOVESPA Carbon Credit Trading System

5.1.1 Description of the fields of the "instrument characteristics" screen

1. External code: External code of the instrument, as determined by BM&FBOVESPA.
2. Internal instrument code: Internal code for the instrument, as determined by BM&FBOVESPA.
3. Maturity: Maturity date for the instrument.
4. Min qty: Minimum quantity for the order, expressed in units of Certified Emission Reduction (CER), as defined by the notice of invitation to tender.
5. Max qty: Maximum quantity for the order, expressed in units of Certified Emission Reduction (CER).
6. Round lot: Multiple quantity (or lot size), expressed in CER units, which must be followed by the order.
7. Min price: Minimum price for the order, as defined by the auction notice.
8. Decimal places: Number of decimal places for the order price.
9. Tick size: Minimum variation between the order prices.
10. Market type: Code for the market type (spot, futures, options on actuals, options on futures, and forward)
11. Currency: Currency utilized as reference for the trading of carbon credits.
12. Notice: Link to the notice which describes the rules for the instrument auction.
13. Participant code: Code determined by BM&FBOVESPA for a participant who holds carbon credits.
14. Participant name: Name of the participant who is placing the carbon orders.
15. Status: Indicates the auction phase for the traded instrument.

5.2 Project

This column exhibits the name of the projects whose carbon credits are being offered for trading in the auction. Each line corresponds to a hyperlink which when clicked on opens a document that describes the underlying project's characteristics.

8 – Project

5.3 Instrument

This column exhibits the instruments available for trading

9 – Instrument

5.4   Remaining fields of the "market summary" screen

1. Maturity: Maturity date for the traded instrument.

2. Min qty: Minimum quantity for the order, expressed in CER units, as defined by the auction notice.

3. Bid qty: Sum total of the order quantities which present the best bid price, as classified by the BM&FBOVESPA system and in observance of the notice of invitation to tender rules.

4. Max qty: maximum quantity for the order, expressed in CER units, as defined by the notice of invitation to tender.

5. Bid price: Price of the best bid, as classified by the BM&FBOVESPA system.

6. Status: Indicates the current auction phase where the traded instrument is in.

7. Offer price: price of the best ask, as classified by the BM&FBVESPA system.

8. Opening date/time: Registration of the exact opening time for the auction.

9. Offer qty: Sum total of the order quantities which present the best ask price, as classified by the BM&FBOVESPA system.

10. Closing date/time: Registration of the exact closing time for the auction.

11. Min price: Minimum price for the credits being offered for trading, as defined in the notice of invitation to tender.

6. Order registration

This window allows users to insert an order for the selected instrument by informing the client code, order quantity and order price.

The CLEAR icon allows the deletion of fields which are inserted but not sent.
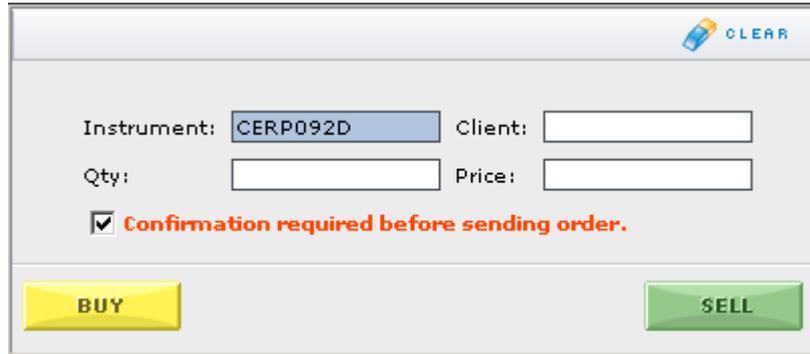
10 – Order registration

7. Market trades

This functionality exhibits the list of executed trades, for a selected instrument, as they are executed. It exhibits the time, the quantity and the closing trade price, as well as the participant codes for the buyer and the seller.

11 – Market trades

7.1 Description of fields

1. Time: Registration of the closing time of the trade.
2. Buyer: Buyer's code for the carbon credits traded.
3. Qty: Quantity of carbon credits traded.
4. Seller: Seller's code for the carbon credits traded.
5. Price: Price of the carbon credits traded by participant.

7.2 Visualization of the list of market trades

Upon selecting the SEE ALL option, the system exhibits a list containing all the trades, displaying the same fields as those in the "market trades" screen.

8. Market by order

This functionality exhibits all the open bids and asks, including their respective codes, quantities and prices, as well as the codes for the participants involved.

This screen presents two divisions: The upper part (yellow), where the bids for the selected instrument are exhibited, and the lower part (green), where the asks for that same instrument are shown, both are always classified by best price and by arrival time.

MARKET BY ORDER				
Bids - CERP092D				
Seq. code	Time	Participant	Qty	Price
13	18:19:54	949	950,000	12.90
12	18:19:17	949	900,000	12.80
11	18:17:43	949	850,000	12.70
10	18:17:12	949	800,000	12.60
9	18:15:06	949	750,000	12.50
8	18:14:22	949	700,000	12.40
7	18:13:17	949	650,000	12.30
6	18:12:23	949	600,000	12.20
5	18:11:05	949	550,000	12.10
4	17:56:49	949	500,000	12.00
Offers - CERP092D				
Seq. code	Time	Participant	Qty	Price
14	18:22:37	755	850,000	12.50

12 – Market by order

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8.1 Description of fields

1. Seq code: External code assigned to an order, as defined by BM&FBOVESPA

2. Qty: Quantity of carbon credits in a bid or ask, expressed in CER units.

3. Time: Registration of the exact time of an order insertion.

4. Price: Order price for the carbon credits, expressed in monetary units.

5. Participant: External code assigned to a participant making a bid or ask, as defined by BM&FBOVESPA.

8.2 Mouse trading

Mouse trading is a functionality to make the system easier for the user. By simply clicking on the left-button of a mouse, one can select and act on bids and asks, as well as capture the corresponding counterparty information to insert an order. An order may be selected in two ways, as described below.

8.2.1 Selecting an order by price

Upon clicking on the order price corresponding to the bid or ask one has chosen to act on, the information for this order is automatically transferred to the "order registration" screen, as demonstrated by the following example:

(a) First the trader clicks on the price corresponding to the order to be hit.

MARKET BY ORDER

Bids - CERP092D

Seq. code	Time	Participant	Qty	Price
13	18:19:54	949	950,000	12.90
12	18:19:17	949	900,000	12.80
11	18:17:43	949	850,000	12.70
10	18:17:12	949	800,000	12.60
9	18:15:06	949	750,000	12.50
8	18:14:22	949	700,000	12.40
7	18:13:17	949	650,000	12.30
6	18:12:23	949	600,000	12.20
5	18:11:05	949	550,000	12.10
4	17:56:49	949	500,000	12.00

13 – Mouse trading: **Selecting an order by price**

(b) Following this action, the fields of the "order registration" screen are automatically completed.
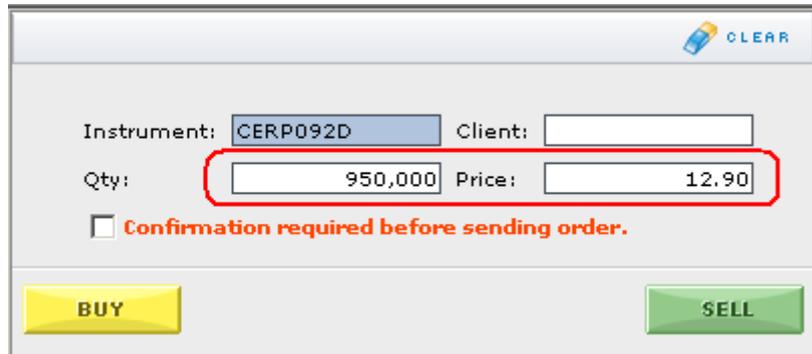
14 – Mouse trading: Order selected by price

(c) To complete the trade, the trader informs the client code and clicks on the button corresponding to either buy or sell.

8.2.2 Selecting an order by quantity

Another way to select an order to hit is by quantity. In this situation, the user indicates the intention to buy or sell a certain quantity of carbon credits, which is equivalent to the sum of the selected order with the other book orders positioned above the selected order. See the following example:

(a) Trader clicks on the quantity for the order to be hit.

Bids - CERP092D				
Seq. code	Time	Participant	Qty	Price
13	18:19:54	949	950,000	12.90
12	18:19:17	949	900,000	12.80
11	18:17:43	949	850,000	12.70
10	18:17:12	949	800,000	12.60
9	18:15:06	949	750,000	12.50
8	18:14:22	949	700,000	12.40
7	18:13:17	949	650,000	12.30
6	18:12:23	949	600,000	12.20
5	18:11:05	949	550,000	12.10
4	17:56:49	949	500,000	12.00

15 – Mouse trading: Selecting an order by quantity

(b) Following this action, the fields of the "order registration" screen are automatically completed as follows: (i) The field "quantity" is filled with the sum total of all the orders to be sold by the trader—in this example, it is equal to 1,850,000 credits (that is, 950,000 + 900,000); and (ii) the field "price" corresponds to the selected order—in this example, it is equal to 12.80.
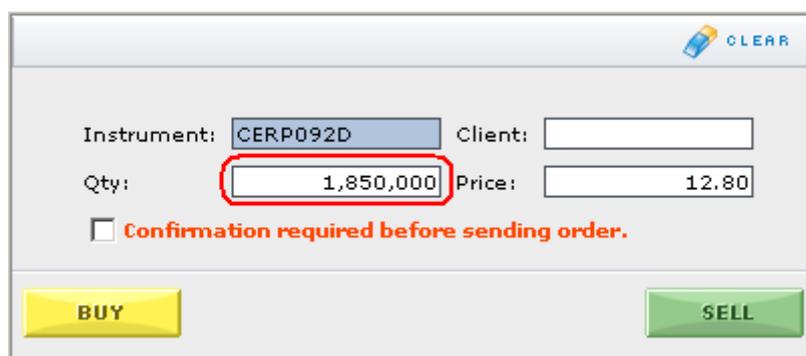
16 – Mouse trading: **Order selected by quantity**

(c) To complete the trade, the trader informs the client code and clicks on the button corresponding to buy or sell.

9. Order management

This functionality provides traders with a window to monitor their own orders.

The corresponding window exhibits information related to the orders submitted, such as: Order code, date, client, order type, instrument, quantity and price. It also exhibits information regarding executed trades, such as traded quantity, remaining quantity and traded price. This window also allows for alterations and cancellations of open orders.

Action	Seq. code	Date	Client	Type	Instrument	Order qty.	Price Required	Traded Qty	Remaining Qty	
✏✕	9	06/07/2007	955	Buy	CERP092D	750,000	12.50	0	750,000	Ins
✏✕	8	06/07/2007	954	Buy	CERP092D	700,000	12.40	0	700,000	Ins
✏✕	7	06/07/2007	953	Buy	CERP092D	650,000	12.30	0	650,000	Ins
✏✕	6	06/07/2007	952	Buy	CERP092D	600,000	12.20	0	600,000	Ins
✏✕	5	06/07/2007	951	Buy	CERP092D	550,000	12.10	0	550,000	Ins
✏✕	4	06/07/2007	950	Buy	CERP092D	500,000	12.00	0	500,000	Ins

1 2 3

17 – Order management

9.1 Description of fields

1. Action: Icon for altering an order; Icon for canceling an order
2. Seq code: Order code.
3. Date: Order insertion date
4. Client: Client code.
5. Type: Order type (buy or sell).
6. Instrument: Instrument Code.
7. Order qty: Order quantity.
8. Price required: Order price.
9. Traded qty: Traded quantity.
10. Remaining qty: Remaining quantity
11. Status: Current instrument status

9.1.1 Order details

Upon clicking on one of the elements of column "order code," the window "order details" opens up.

18 – Order details

9.1.2 Description of the fields of the screen "order details"
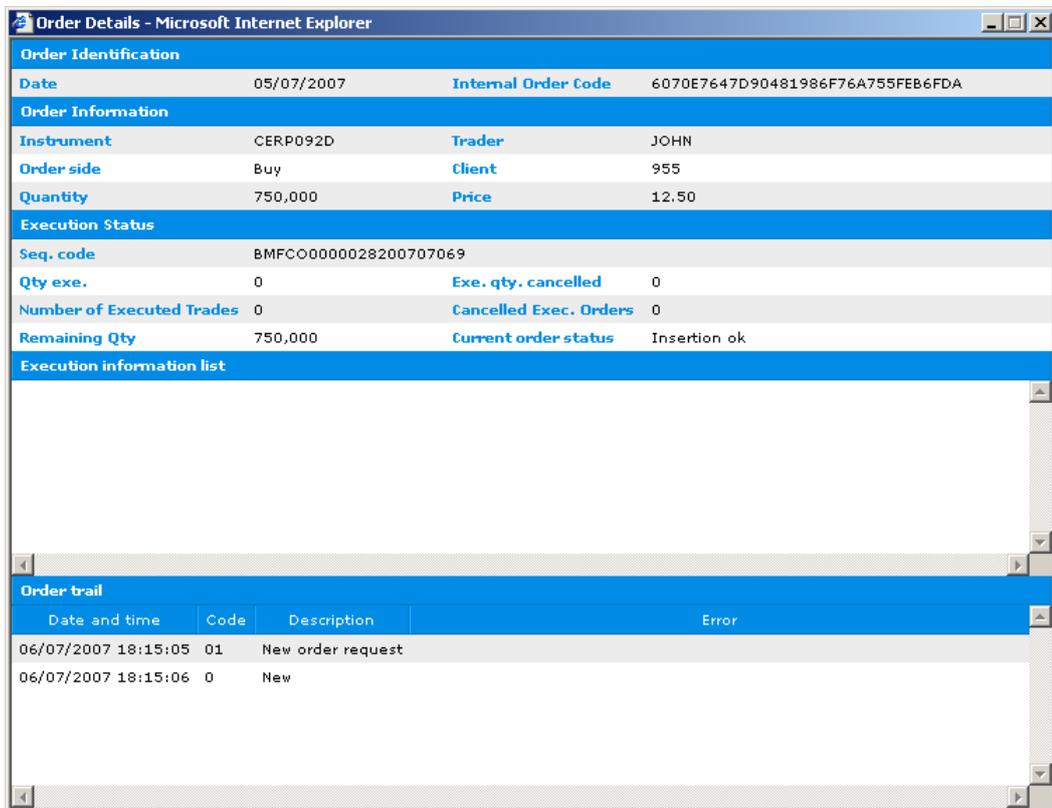
1. Order identification	• Date: Order insertion date. • Internal order code: Internal code of the order.
2. Order information	• Instrument: Order instrument. • Order side: Buy or sell. • Quantity: Order quantity. • Trader: Trader code • Client: Client code • Price: Order price.
3. Execution status	• Seq code: Sequential order code. • Qty exe: Traded quantity. • Number of executed trades: Number of times the order is executed. • Remaining qty: Balance not executed. • Exe qty cancelled: Cancelled quantity. • Cancelled exe orders: Number of executed trades cancelled. • Current order status: Current order status.
4. Execution information list	• Trade exe time: Time of trade execution. • Control number: Sequential order code. • Trade number: Sequential trade number. • Quantity: Quantity executed. • Traded price: Price in which trade was executed. • Status: Current order status.
5. Order trail information	• Date and time: Date and time of the event. • Code: Status code. • Description: Status description. • Error: Error message.

10. Messages

This functionality provides auction participants and BM&FBOVESPA with a window for sending and receiving messages.

19 – Messages

11. Notification

This field exhibits the information messages related to system actions performed by users.
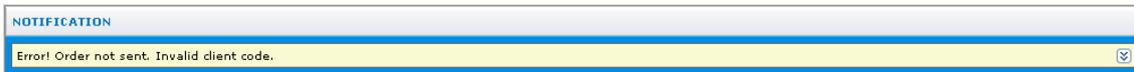
20 – Notification

12. Typical examples

12.1 Inserting an order

The following provides a step-by-step description on how to insert a bid in the system.

12.1.1 Select the instrument

To select an instrument (or lot), one needs only to click on the corresponding code located on the screen "market summary," as illustrated below.

21 – Market summary: **Instrument selected**

12.1.2 Include the order

Upon selecting an instrument, the "order registration" screen is filled with the corresponding code, as illustrated below:
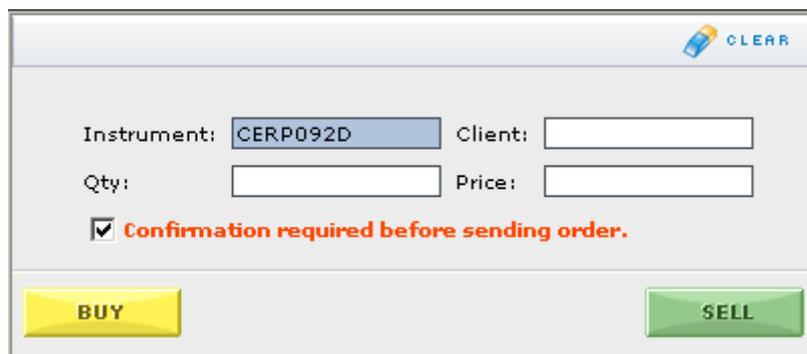
22 – Order: **Instrument selected**

Next, the user must complete the fields for client, quantity and price.
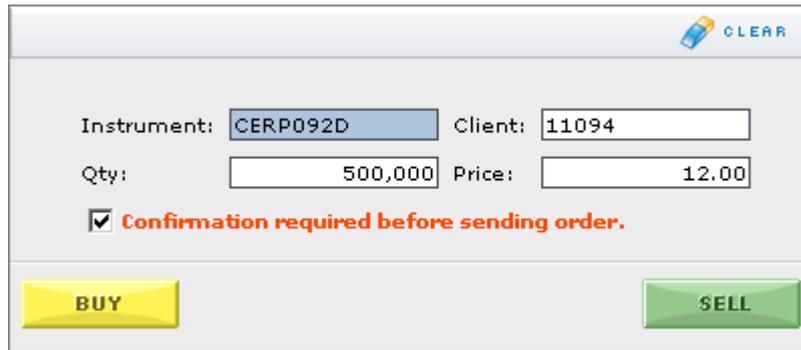
23 – Order: **Completing the fields**

To continue including the order, the user must click on the BUY button.

The system will exhibit the following message:

24 – Confirmation

To conclude, the user must select the OK option.

12.1.3 Verifying the inclusion of the order

When including an order, the corresponding information is displayed on the screens "order management," "market by order" and "market summary."

a) Order management

25 – Order included: **Order management**

b) Market by order

26 – Order included: **Market by order**

c) Market summary

27 – Order included: **Market summary**

12.2 Alteration of an order

12.2.1 Selecting the order to be altered

To select an order to be altered, click on the alteration icon on the same line as the selected order, on the "order management" screen.

28 – Alter order: **Selecting an order**

The "market by order" screen will immediately display the information on the selected order.

29 – Alter order: **"market by order" screen**

12.2.2 Informing the new values for price and quantity

Next, the user must give the new values for the order. Should the current auction rules allow, the alteration may be performed for the quantity, the order price, or both, as follows:

30 – Alter order: **New values**

After inserting the new values, the user must click on the MODIFY button to confirm the alteration.

The "order management" screen shows the order with the altered values.

Action	Seq. code	Date	Client	Type	Instrument	Order qty.	Price Required	Traded Qty	Remaining Qty	
✏️✖	9	06/07/2007	955	Buy	CERP092D	700,000	12.50	0	700,000	Ins
✏️✖	8	06/07/2007	954	Buy	CERP092D	700,000	12.40	0	700,000	Ins
✏️✖	7	06/07/2007	953	Buy	CERP092D	650,000	12.30	0	650,000	Ins
✏️✖	6	06/07/2007	952	Buy	CERP092D	600,000	12.20	0	600,000	Ins
✏️✖	5	06/07/2007	951	Buy	CERP092D	550,000	12.10	0	550,000	Ins
✏️✖	4	06/07/2007	950	Buy	CERP092D	500,000	12.00	0	500,000	Ins

1 2 3

31 – Alter order: **Order altered**

13. Index of illustrations