

4Q16

MARKET CAPITALIZATION

R\$29.9 billion (Dec 31, 2016)

4Q16 SHARE COUNT

Weighted avg: 1,787,390,007

End of period: 1,787,390,007

STOCK PERFORMANCE

Quarter ending in Dec'16: -1.8%

CONFERENCE CALL (English)

Date: February 20th, 2017.

Time: 1p.m. (BrT) / 11a.m. (NYT)

Brazil: +55 (11) 3193-1001

+55 (11) 2820-4001

USA: +1 (866) 262-4553

International: +1 (412) 317-6029

Password: BM&FBOVESPA

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www.ccall.com.br/bmfbovespa/4q16.htm



www.bmfbovespa.com.br/ir

BM&FBOVESPA ANNOUNCES RESULTS FOR THE FOURTH QUARTER OF 2016

Strong performance in the Bovespa segment and higher revenues from other services not tied to volumes drove 14.7% growth in the top line in the quarter compared to 4Q15

R\$3.0 billion debentures issuance and an USD125.0 million loan were concluded in Dec'16 in preparation for the expected conclusion of transaction that will result in the business combination with Cetip¹

Excluding non-recurring items, the 4Q16 net income would have amounted to R\$524.9 million

São Paulo, Brazil, February 17th, 2017 – BM&FBOVESPA S.A. (ticker: BVMF3) today reported its fourth-quarter earnings for the period ending on December 31st, 2016 (4Q16). Total revenues reached R\$691.9 million in 4Q16, an increase of 14.7% compared to the same period of the previous year (4Q15), mainly impacted by higher volumes in the Bovespa segment and increased revenues from business lines not related to volumes.

Adjusted expenses² (OPEX) and capital expenditures (CAPEX) in 2016 were in line with the previously announced budgets. Adjusted OPEX amounted to R\$653.1 million (budget of R\$640 million – R\$670 million) while CAPEX totaled R\$223.7 million (budget of R\$200 million – R\$230 million). Furthermore, the budgets for 2017 were announced in Dec'16³: the 2017 adjusted OPEX budget ranges from R\$675 million to R\$705 million and the CAPEX budget ranges from R\$165 million to R\$195 million.

Highlights of 4Q16:

- ✓ In the BM&F segment, average daily volume (ADV) grew 55.9% over 4Q15, while average revenue per contract (RPC) decreased 35.8% in the same period;
- ✓ Average daily trading value (ADTV) in the Bovespa segment grew 26.3% over 4Q15, to R\$8.7 billion in 4Q16, while trading and post-trading margins fell 3.6%, a reduction of 0.190 bps;
- ✓ Average assets under custody in the *Tesouro Direto* platform grew 76.8% year-over-year, while the average number of investors increased 75.3% in the period;
- ✓ Roughly R\$3.4 billion raised through debt transactions, both concluded in Dec'16 and connected to the business combination with Cetip;
- ✓ Adjusted expenses reached R\$206.6 million in 4Q16, an increase of 21.2% over 4Q15, mainly reflecting the transfer of proceeds to our self-regulatory organization (BSM);
- ✓ R\$368.0 million in interest on capital approved in Dec'16; in FY16, R\$900.0 million in interest on capital approved, totaling 62.2% of FY16 IFRS net income.

Chief Executive Officer of BM&FBOVESPA, Edemir Pinto, said: “2016 was a year of transformational achievements for BM&FBOVESPA. We have moved forward in the execution of our long-term strategic plan. The business combination with Cetip was supported and approved by the vast majority of shareholders of both companies. Now, while we wait for the regulators to analyze this transaction, we have begun planning some aspects of the integration, within the boundaries established by regulation, to ensure service excellence will be preserved, expected efficiencies will be delivered and potential synergies will be captured over time. We also had significant progress in the development of the equities phase of the new integrated BM&FBOVESPA Clearinghouse and CORE risk system, which are expected to deliver operational and capital efficiency for market participants and investors. In 2016, we also worked on enhancements to our special listing segments in terms of corporate governance standards and on the execution of our long-term strategy for Latin America, which includes minority investments in some local exchanges. In 2017, we will maintain our focus on the execution and implementation of these strategic initiatives as well as our high standards in terms of operations and technology aimed at exceeding the expectations of our clients and regulators”.

Chief Financial and Investor Relations Officer, Daniel Sonder, commented: “In Dec'16 we raised R\$3.4 billion through debt transactions. It was another important step in preparing for the business combination with Cetip. It is important to mention that this higher financial leverage is a temporarily situation and we expect to pay down this new debt within a 3 years period, assuming the business performs according to plan. At the same time that we intend to reduce our financial leverage, we intend to keep returning capital to our shareholders, which will be possible due to the strong capacity of our company to generate cash. Our internal focus on expense management continues, and will be a priority during the merger integration”.

Income statement summary (in R\$ millions)

	4Q16	4Q15	4Q16/4Q15 (%)	3Q16	4Q16/3Q16 (%)	2016	2015	2016/2015 (%)
Net revenues	623.7	543.2	14.8%	559.1	11.5%	2,320.8	2,216.6	4.7%
Expenses	(309.2)	(213.4)	44.9%	(446.1)	-30.7%	(1,226.2)	(850.7)	44.1%
Operating income	314.4	329.8	-4.7%	113.0	178.2%	1,094.6	1,366.0	-19.9%
Operating margin	50.4%	60.7%	-1,030 bps	20.2%	3,021 bps	47.2%	61.6%	-1,446 bps
Financial result	188.2	289.8	-35.1%	221.5	-15.0%	152.0	508.8	-70.1%
IFRS net income (loss)*	927.9	(407.7)	327.6%	293.5	216.2%	1,446.3	2,202.2	-34.3%
Adjusted expenses	(206.6)	(170.4)	21.2%	(155.5)	32.9%	(653.1)	(614.3)	6.3%

*Attributable to BM&FBOVESPA shareholders.

¹ Pending regulatory approvals from the Brazilian Securities and Exchange Commission (CVM), Central Bank of Brazil (BACEN) and Antitrust Authority (CADE).

² Adjusted to (i) depreciation and amortization; (ii) stock grant plan costs – principal and payroll taxes – and stock option plan; (iii) transaction cost and planning of the proposed business combination with Cetip that is still pending regulatory approval; and (iv) transfer of fines, provisions and incentive programs to market participants.

³ The adjusted expenses and investment budgets for 2017 will be reviewed in the event of approval and conclusion of the business combination with Cetip S.A. – Mercados Organizados.

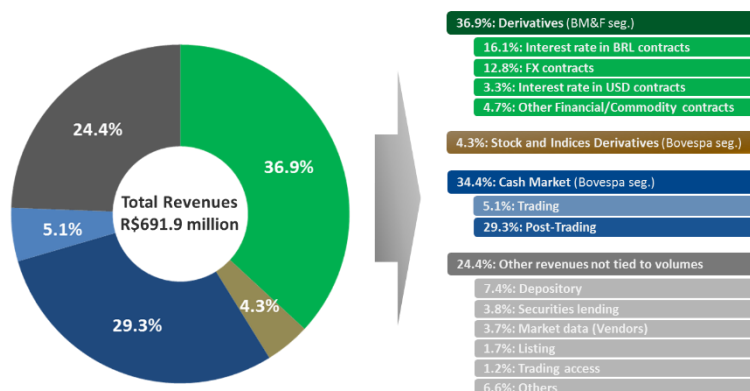
ANALYSIS OF 4Q16 FINANCIAL RESULTS

REVENUES

Total revenues: BM&FBOVESPA posted total revenue of R\$691.9 million, an increase of 14.7% over 4Q15. This performance results from the combination of increased volumes in the Bovespa segment and higher revenues not tied to volumes traded.

Revenues from trading and post-trading in the derivatives and equities markets together represented 75.5% of total revenues in 4Q16, reaching R\$522.7 million, an increase of 11.3% year-over-year.

4Q16 Revenues Breakdown⁴ (% of total revenues)



BM&F segment – trading, clearing and settlement: reached R\$259.9 million (37.6% of total revenue), flat compared to 4Q15. The 55.9% increase in the ADV was neutralized by a decrease of 35.8% in the average RPC (see performance by segment section).

Bovespa segment – trading, clearing and settlement: totaled R\$272.9 million (39.4% of total revenues), 22.5% higher compared to 4Q15. Trading and post-trading (transactions) revenues reached R\$267.7 million in 4Q16, an increase of 23.7%, mainly explained by a 26.3% increase in the ADTV (see performance by segment section).

Other revenues: revenues not related to volumes reached R\$159.1 million in 4Q16 (23.0% of total revenues), a 30.8% increase year-over-year that was positively impacted by a non-recurring revenue (see line others).

- ✓ **Depository, custody and back office:** totaled R\$51.2 million (7.4% of total revenues), an 84.8% increase over 4Q15, as a result of growth in revenues from *Tesouro Direto*, which reached R\$22.6 million in 4Q16 and inflation pass through to certain depository services' prices in Jan'16. Additionally, in 4Q15 this revenue line was negatively impacted by a R\$9.8 million expense related to incentives granted to market participants as part of the development of *Tesouro Direto*.
- ✓ **Market data (vendors):** revenues from market data sales amounted to R\$25.4 million (3.7% of total revenues), down 15.8% over 4Q15, explained by: (i) a decrease in the number of users and the migration of clients to lower cost market data packages; and (ii) the appreciation of the Brazilian Real against the US Dollar, since 55% of this revenue line was denominated in US Dollars in 4Q16.
- ✓ **Others:** reached R\$23.4 million (3.4% of total revenues), which include a R\$16.9 million non-recurring reversal of provision, with no cash impact, connected to changes in the Company's health care plan implemented in 2016, which impacted liabilities tied to rights granted to Company's employees who contributed to the health care plan of the Company between 2002 and 2009 (see 4Q12 earnings release, item expenses)⁵.

Net Revenues: increased 14.8% year-over-year, reaching R\$623.7 million in 4Q16.

EXPENSES

Expenses: totaled R\$309.2 million in 4Q16. The 44.9% growth compared to 4Q15 is mainly explained by higher personnel expenses, which include non-recurring stock grant expenses, expenses related to transfer of proceeds to BSM (self-regulatory entity) and expenses related to the proposed combination of activities with Cetip.

Adjusted expenses: reached R\$206.6 million in 4Q16, a 21.2% increase year-over-year. In the FY16, adjusted expenses were within the budget for the year and reached R\$653.1 million, 6.3% growth compared to FY15, in line with overall inflation.

⁴ The revenues breakdown showed in the chart includes the revenues lines "others" for the Bovespa segment and "foreign exchange" and "securities" for the BM&F segment, as reported in the audited financial statements note 20, within other revenues not tied to volumes traded.

⁵ According to Law nº 9.656/98 and understandings brought by the Resolution No. 279 of the ANS (National Health Agency) of November 2011, it is provided to the employee which contributes with any amount of money to the health plan of the Company, the right to maintain their status as beneficiary in the event of being fired or retired, as long as the employee assumes the entire cost of his plan. Potential liabilities that referred to the provision are related to the difference, over time, of the average cost of the health plan negotiated by the Company and the estimated regular cost, which the beneficiaries would bear if they don't stand the condition of beneficiaries (indirect subsidy). In 4Q12, BM&FBOVESPA accrued R\$27.5 million connected to this potential liability. According to CPC 00, in case of reversal of provision this must be booked as revenue in periods to come.

Reconciliation of adjusted expenses (in R\$ millions)

	4Q16	4Q15	4Q16/4Q15 (%)	3Q16	4Q16/3Q16 (%)	2016	2015	2016/2015 (%)
Total expenses	309.2	213.4	44.9%	446.1	-30.7%	1,226.2	850.7	44.1%
Depreciation	(25.6)	(26.0)	-1.7%	(25.1)	1.9%	(98.3)	(110.9)	-11.3%
Stock grant/option	(57.5)	(14.1)	308.6%	(21.1)	172.9%	(145.2)	(99.0)	46.7%
Proposed business combination with Cetip	(2.4)	-	-	(0.7)	242.2%	(50.3)	-	-
Planning of the business integration with Cetip	(7.3)	-	-	(6.5)	12.5%	(15.3)	-	-
Provisions and others	(9.8)	(2.8)	243.6%	(237.3)	-95.9%	(263.9)	(26.5)	897.0%
Adjusted expenses	206.6	170.4	21.2%	155.5	32.9%	653.1	614.3	6.3%

Personnel: increased 57.4% year-over-year, totaling R\$167.7 million in 4Q16, mainly impacted by an increase in stock grant expenses.

Stock grant expenses amounted to R\$57.5 million – principal and provision for payroll taxes - in the quarter. From this amount, recurring expenses totaled R\$23.7 million, composed of R\$12.3 million in principal and R\$11.3 million in payroll tax provision to be paid upon the delivery of shares to the beneficiaries, which was impacted by the increase in BM&FBOVESPA's stock price. The non-recurring expenses – principal and provision for payroll taxes – amounted to R\$33.9 million, comprised by: (i) R\$7.4 million connected to severance expenses; and (ii) provision of R\$26.5 million due to adequacy change in the accrual methodology applied to expenses related to stock grant programs, which were granted but not transferred yet, in accordance with Company's stock grant plan.

Adjusted personnel: excluding stock grant expenses, the personnel line would have increased 19.1% year-over-year to R\$110.1 million, due primarily to the annual salary adjustment applied in Aug'16 and an increase in the amount accrued for expected expenses with the Company's bonus for the second half of 2016.

Reconciliation of adjusted personnel (in R\$ millions)

	4Q16	4Q15	4Q16/4Q15 (%)	3Q16	4Q16/3Q16 (%)	2016	2015	2016/2015 (%)
Personnel expenses	167.7	106.5	57.4%	105.2	59.4%	505.1	443.0	14.0%
Stock grant/option	(57.5)	(14.1)	308.6%	(21.1)	172.9%	(145.2)	(99.0)	46.7%
Adjusted personnel expenses	110.1	92.5	19.1%	84.1	30.9%	359.9	344.0	4.6%

Data processing: totaled R\$37.6 million, 17.5% higher compared to 4Q15, mainly explained by: (i) IT maintenance contracts adjustments; and (ii) the impact of the appreciation of the US Dollar against the Brazilian Real between Jan'15 and Dec'15, given that a cash flow hedge⁶ was set up for a portion of the contracts denominated in foreign currency in those months.

Third Party Services: totaled R\$14.9 million, a 30.8% increase year-over-year mainly due to higher expenses with consulting and legal advisory services fees connected to the development of projects.

Transaction with Cetip: amounted to R\$9.7 million in 4Q16, composed by non-recurring expenses connected to the proposed business combination with Cetip, R\$2.4 million in transaction costs⁷ and R\$7.3 million in expenses related to planning of the business integration⁸.

Others: totaled R\$36.4 million, a 60.2% increase year-over-year, mainly explained by R\$18.0 million transferred to our self-regulatory entity (BSM), compared to R\$8.3 million in 4Q15, and higher provision expenses, in particular R\$2.4 million regarding the Spread Corretora lawsuit, for which part of the liability is marked-to-market according to BVMF3 price (see Material Fact released on November 1st, 2016).

OTHER FINANCIAL HIGHLIGHTS

Cash and cash equivalents: short- and long-term cash, cash equivalents and financial investments as of December 31st, 2016 amounted to R\$14,656.0 million⁹, including R\$1,730.1 million in third party cash (mainly related to cash collateral pledged to the Company's clearinghouses). BM&FBOVESPA's own cash totaled R\$12,354.1 million, which includes: (i) between R\$2.0 billion and R\$2.5 billion that makes up the Company's usual liquidity requirements to run the business (including R\$995.9 million in restricted financial resources formally tied to the clearinghouses' safeguard structure); (ii) R\$826.7 million in financial obligations to be paid in 1Q17¹⁰; and (iii) approximately R\$8.5 billion in unrestricted available cash that will be mainly used to fund the cash portion of the proposed transaction with Cetip.

Indebtedness: at the end of 4Q16, the Company had R\$5,463.6 million in gross debt outstanding, including principal and accrued interest (91.8% non-current and 8.2% current). This amount includes debt transactions concluded in Dec'16 in order to raise proceeds to meet the cash payments due as result of the proposed the business combination with Cetip, which is still pending regulatory approval. The Company's indebtedness is detailed below:

⁶ The Company allocated part of its cash position in foreign currency to hedge firm payment commitments assumed with suppliers and service providers from changes in the BRL vs USD exchange rate. For the commitments whose payment occurred in 2015, the hedge was set up, mainly, in Jan'15 and for the commitments whose payment occurred in 2016, the hedge was set up, mainly, in Dec'15. Therefore, the expenses related to those commitments recognized in 4Q15 were referenced on the exchange rate of Jan'15, while those commitments recognized in 4Q16 were referenced in the exchange rate of Dec'15 and were impacted by the depreciation of the BRL versus USD between Jan'15 and Dec'15. In the Financial Statements see note 4.d – Cash Flow Hedge.

⁷ Includes expenses with legal publications, auditors, appraisers, and lawyers, among other professionals engaged as advisors for the business combination with Cetip.

⁸ Includes expenses with consulting services hired to help the integration planning of the proposed combination with Cetip which is subject to regulatory approvals.

⁹ Does not include the amount related to the shares of Bolsa Mexicana de Valores, Bolsa de Comercio de Santiago and Bolsa de Valores de Colombia owned by BM&FBOVESPA, which are treated as a financial investment and amounted to R\$191.6 million at the end of Dec'16.

¹⁰ Include: R\$368.0 million in interest on capital paid on Jan'17; R\$400.0 million owed as of Dec 31, 2016 in the FX Swap due on April 3rd, 2017 (principal hedge only for the 2020 Notes); and R\$58.8 million of interest on the 2020 Notes paid in Jan'17.

2019 Debenture:

R\$3.0 billion senior unsecured non-convertible debentures, at a cost of 104.25% of the DI rate and with semi-annual interest. This debenture has final maturity on December 1st, 2019, with a 50% principal payment on December 1st, 2018.

2018 Loan:

USD125 million senior unsecured bilateral loan at a 2.57% per annum interest, with equal monthly amortization of USD10.4 million plus interest and final maturity on January 2nd, 2018. The Company will adopt the cash flow hedge accounting method, by matching the payments of this loan with most of the USD denominated revenues from the trading activity of derivatives contracts, such as FX rates and Interest rates in USD.

2020 Notes:

USD612 million senior unsecured notes issued abroad in Jul'10 with final bullet maturity on July 16th, 2020, and semi-annual interest of 5.50%. In Mar'16, the principal amount of the 2020 Notes was hedged against changes in the Brazilian Real vs US Dollar exchange rate through swaps. Additionally, in Sep'16, the Company entered into non-deliverable forwards (NDFs) to hedge certain coupons from FX variations.

Financial Result: R\$188.2 million in 4Q16, a decrease of 35.1% over the previous year's fourth quarter.

Financial income: totaled R\$328.4 million in 4Q16, 2.3% lower year-over-year. The year-over-year comparison was impacted by R\$173.4 million related to special dividends received from CME Group in 4Q15.

Financial expenses: amounted to R\$140.2 million, 201.5% higher over 4Q15, mainly explained by: (i) R\$67.6 million related to derivatives to hedge the 2020 Notes¹¹; (ii) R\$17.6 million connected to interest on the debentures issued in Dec'16; and (iii) R\$11.1 million related to the stand-by facilities amounting to R\$2.7 billion, which were not drawn, in connection with the transaction with Cetip.

Income tax and social contributions: totaled R\$425.4 million (positive) in 4Q16, mainly explained by: (i) reversal of income tax provision of R\$431.7 million¹² (positive), due to the review of the cost base applied to calculate the capital gain on the divestment in CME Group shares (executed in Sep'15 and Apr'16), which impacted the current and deferred income taxes; and (ii) tax benefit amounting to R\$175.0 million as result of the distribution of R\$514.7 million in interest on capital within the quarter.

Additionally, in 4Q16, cash taxes totaled R\$14.1 million and temporary differences from the amortization of goodwill for tax purposes amounted to R\$135.3 million.

Net income (attributable to shareholders): totaled R\$927.9 million in 4Q16. The comparison with the same period of the previous year is impacted by non-recurring items in both periods, in 4Q15, impacts related to the impairment; and in 4Q16, (i) reversal of previously recognized provision for income tax connected to the divestment from CME Group shares in Sep'15 and Apr'16, (ii) non-recurring expenses with personnel connected to stock grant expenses and (iii) expenses related to the proposed combination of activities with Cetip, as mentioned above.

Excluding non-recurring items that impacted the Company's results, the quarterly net income would have amounted to R\$524.9 million.

4Q16 and 4Q15 non-recurring items (in R\$ millions)

	Income statement line impacted	4Q16		4Q15	
		Before Tax	After Tax	Before Tax	After Tax
Non-recurring stock grant expenses	Expenses	(33.9)	(22.4)	-	-
Transaction with Cetip	Expenses	(9.7)	(6.4)	-	-
Divestment from CME Group shares	Tax	-	431.7	-	-
Impairment	-	-	-	(1,662.7)	(1,097.4)
Discontinuity of the Equity method	Tax	-	-	-	(14.6)
Total non-recurring items		(43.5)	403.0	(1,662.7)	(1,112.0)

CAPEX: capital expenditures totaled R\$66.5 million in 4Q16, of which R\$60.5 million was invested in technology and infrastructure, particularly in the equities phase of the new integrated BM&FBOVESPA Clearinghouse. In 2016, capital expenditures reached R\$223.7 million, within the 2016 CAPEX budget range (R\$200 million - R\$230 million).

Interest on Capital: on February 17th, 2017, the Company's Board of Directors did not approve any additional distribution to shareholders since it had approved the payment of interest on capital of R\$368.0 million in Dec'16. In FY16, distributions to shareholders totaled R\$900.0 million, which represent a 62.2% payout ratio, considering the IFRS net income attributed to BM&FBOVESPA shareholders.

PERFORMANCE BY SEGMENT

BM&F segment: ADV for the derivatives market reached 3.8 million contracts in 4Q16, an increase of 55.9% in comparison with 4Q15. This performance was driven by higher volumes in Interest rates in BRL contracts (+68.8%) and Mini contracts (+113.4%).

Average RPC was R\$1.092, down 35.8% year-over-year. This reduction reflects: (i) lower RPC in all groups of contracts; and (ii) changes in the mix of contracts traded, with higher participation of Mini contracts, given that these contracts have a significantly lower average RPC.


¹¹ In Mar'16, the Company entered into swap transactions to hedge the 2020 Notes principal amount in foreign currency, switching the exchange variation risk to a short position in local interest rates. In Sep'16, the Company entered into NDFs (non-deliverable forwards) to hedge certain 2020 Notes coupons from exchange rate variation. See Financial Statement Note 4.d - Fair value hedge and Cash flow hedge.

¹² Composed by R\$381.7 million in reversal of provision and R\$50.0 million connected to deferred tax credit.

Bovespa segment: ADTV for equities reached R\$8.7 billion in 4Q16, 26.3% higher compared to the same period of the previous year, explained by an upsurge in average market capitalization (+21.6%) coupled with an increase in turnover velocity that reached 82.3% in 4Q16 versus 79.1% in 4Q15.

Trading and post-trading margins was 5.064 bps in 4Q16 versus 5.254 bps in 4Q15. This reduction is mainly explained by the combination of: (i) higher participation of day trades in the overall ADTV, for which fees are lower than the average; and (ii) higher volumes connected to the expiration of options on equity indices, for which trading and post-trading fees do not apply for most of these volumes.

Other high growth products:

 *Tesouro Direto* maintained its growth trend, with average assets under custody growing 76.8% year-over-year, to R\$39.7 billion in 4Q16. The average number of investors reached 412.6 thousand in 4Q16, up 75.3% in the year-over-year comparison.

UPDATE ON STRATEGIC INITIATIVES

Merger between BM&FBOVESPA and Cetip: major advances were made during 4Q16 regarding the business combination between BM&FBOVESPA and Cetip, which will combine the talents and strengths of both companies and result in the creation of a world-class infrastructure, with major systemic importance, boosting the security, soundness and efficiency of the Brazilian market. As detailed previously, BM&FBOVESPA raised almost R\$3.4 billion in Dec'16 through debt transactions, which combined with the proceeds from the sales of the CME Group shares, will fund the cash portion of the proposed combination. On another front, the Company has dedicated efforts to planning the integration of the business, respecting the ground rules set by the antitrust authorities and setting up work teams to ensure that the integration's steps are taken in a manner that maintains operating and technological excellence when delivering services for the market and regulators, as well as allow the company to improve the services offered to clients and capture potential synergies over time. Lastly, on the regulatory approval front, the discussions with CVM, BACEN and CADE have evolved, but are still pending. Within CADE, the General Superintendence issued a technical report stating that the concerns identified from a competitive standpoint would not justify the rejection of the combination due to the efficiencies to be created for the market and the possibility of mitigating such concerns through remedies. Therefore, the General Superintendence has sent the approval process to CADE's Tribunal. On February 10th, BM&FBOVESPA and Cetip requested a 60 days extension of the period of analysis of the Transaction by CADE, being April 24th, 2017 the new maximum period of analysis. .

BM&FBOVESPA Clearinghouse (post-trading integration): during 4Q16, BM&FBOVESPA continued the parallel production processes of the second phase of the BM&FBOVESPA Clearinghouse, which will migrate the equity and corporate fixed income markets to a new infrastructure, integrating these markets with financial, commodities and OTC derivatives markets. The parallel production process replicates in the BM&FBOVESPA Clearinghouse's environment all the post-trading activities occurring in the production environment of each market. Since Jul'16, 13 parallel production cycles have been conducted. Other cycles will be performed until BM&FBOVESPA and market participants' systems and processes reaches the required readiness and stability. After that, the second phase will be concluded and implemented.

Enhancements to the Special Listing Segments: in Mar'16, BM&FBOVESPA kicked off the process of promoting enhancements to the Special Listing Segments, beginning with a detailed analysis made by BM&FBOVESPA on corporate governance best practices adopted in more than 20 jurisdictions jointly with a public consultation that had broad engagement of investors, listed companies and market entities. After the consolidation of the results, BM&FBOVESPA proposed a series of changes to Novo Mercado and Level 2 rules and led a public hearing with all market participants, which was concluded in Sep'16. Based on the answers received in the public hearing, BM&FBOVESPA proposed a new version of Novo Mercado and Level 2 rules and, in Nov'16, started another round of public hearing with all of the stakeholders to discuss it. This phase was completed in Jan'17 and BM&FBOVESPA is consolidating a new version of Novo Mercado and Level 2 rules to organize a restricted hearing that will begin on March 15th, 2017, exclusively with the companies listed in these special segments to deliberate on the proposed changes.

IT Committee: BM&FBOVESPA's Board of Directors created the IT Committee to advise on new technologies, that could represent opportunities or threats to the Company's business, assess innovation solutions and develop indicators of customers' perceptions of BM&FBOVESPA's IT services. The committee has a term of 2 years, starting on December 16th, 2016, and renewable for successive two-year periods as deemed appropriate by the Board of Directors.

Investment in Latin American Exchanges: continuing its strategic plan to develop markets in Latin America, in Jan'17, BM&FBOVESPA acquired 8.59% of the common equity (equivalent to 8.19% of the total equity) in the Lima Stock Exchange (Bolsa de Valores de Lima – BVL), Peru, with an investment of approximately R\$49 million. With this investment, BM&FBOVESPA became the largest individual shareholder of BVL and appointed a representative to the Board of Directors of BVL. In addition to this investment, BM&FBOVESPA also holds an equity investment of approximately 9.9% in the Colombian Stock Exchange, 10.4% in the Santiago Stock Exchange and 4.1% in the Mexican Stock Exchange.

RECONCILIATION OF ADJUSTED NET INCOME

	4Q16	4Q15	4Q16/4Q15 (%)	3Q16	4Q16/3Q16 (%)	2016	2015	2016/2015 (%)
IRFS net income*	927.9	(407.7)	327,6%	293.5	216,2%	1,446.3	2,202.2	-34,3%
Stock grant/option (recurring net of tax)	38.0	7.8	389.2%	13.9	172.9%	95.8	45.4	111.2%
Deferred tax liabilities	135.3	137.5	-1.6%	135.3	0.0%	541.2	550.1	-1.6%
Expenses related to Cetip's transaction (net of tax)	6.4	-	-	4.7	35.1%	43.3	-	-
CME Group shares sale capital gain adjustment	(431.7)	-	-	-	-	(431.7)	-	-
Non-recurring expenses with provisions (net of tax)	0.0	-	-	155.0	-	155.0	-	-
Equity in Income of Investees (net of taxes)	0.0	(173.7)	-	-	-	(19.6)	(309.9)	-93.7%
Divestment in CME Group shares (net of tax)	0.0	-	-	-	-	557.3	-	-
IOF on proceeds from CME Group shares sale (net of tax)	0.0	-	-	-	-	10.8	-	-
Recoverable taxes paid overseas	0.0	59.1	-	-	-	0.0	88.5	-
IoC Adjustments	0.0	(200.8)	-	-	-	0.0	(249.8)	-
Discontinuity of the equity method (net of taxes)	0.0	14.6	-	-	-	0.0	(1,130.4)	-
Results from the selling of the CME Group (net of taxes)	0.0	-	-	-	-	0.0	(474.2)	-
Impairment (net of tax)	0.0	1,097.4	-	-	-	0.0	1,097.4	-
Adjusted net income	675.8	534.1	26,5%	602.4	12,2%	2,398.3	1,819.2	31,8%

*Attributable to BM&FBOVESPA shareholders.

SUMMARY OF CONSOLIDATED BALANCE SHEET

ASSETS (In R\$ thousands)			LIABILITIES AND EQUITY (In R\$ thousands)		
	Dec 31, 2016	Dec 31, 2015		Dec 31, 2016	Dec 31, 2015
Current assets	11,612,517	8,673,786	Current liabilities	3,657,832	2,096,785
Cash and cash equivalents	319,124	440,845	Collateral for transactions	1,653,835	1,338,010
Financial investments	10,964,214	7,798,529	Financial instruments for hedge	405,971	-
Others	329,179	434,412	Loan	373,919	-
Noncurrent assets	19,543,358	17,635,109	Others	1,224,107	758,775
Long-term receivables	3,749,282	1,961,426	Noncurrent liabilities	8,421,658	5,859,897
Financial investments	3,564,243	1,815,620	Debt issued abroad	1,987,669	2,384,084
Others	185,039	145,806	Debenture	2,991,806	-
Investments	29,117	30,635	Deferred inc. tax and social contrib.	2,976,125	3,272,276
Property and equipment, net	462,753	453,094	Others	466,058	203,537
Intangible assets	15,302,206	15,189,954	Equity	19,076,385	18,352,213
Goodwill	14,401,628	14,401,628	Capital	2,540,239	2,540,239
			Capital reserve	14,327,523	14,300,310
			Others	2,198,708	1,501,550
			Non-controlling interests	9,915	10,114
Total Assets	31,155,875	26,308,895	Total liabilities and equity	31,155,875	26,308,895

CONSOLIDATED INCOME STATEMENT

<i>(In thousand of Brazilian Reals, unless otherwise indicated)</i>	4Q16	4Q15	4Q16/4Q15 (%)	3Q16	4Q16/3Q16 (%)	2016	2015	2016/2015 (%)
Total revenues	691,907	603,290	14.7%	621,281	11.4%	2,576,426	2,458,847	4.8%
Trading/settlement - BM&F	259,853	258,822	0.4%	240,550	8.0%	1,050,397	1,074,531	-2.2%
Derivatives	254,984	253,168	0.7%	235,975	8.1%	1,030,072	1,053,513	-2.2%
Foreign exchange	4,869	5,654	-13.9%	4,575	6.4%	20,325	20,894	-2.7%
Securities	-	-	-	-	-	-	124	-
Trading/settlement - Bovespa	272,923	222,807	22.5%	241,795	12.9%	977,848	903,016	8.3%
Trading fees	43,537	38,591	12.8%	38,745	12.4%	156,613	146,645	6.8%
Clearing fees	224,209	177,806	26.1%	198,567	12.9%	802,558	734,866	9.2%
Others	5,177	6,410	-19.2%	4,483	15.5%	18,677	21,505	-13.2%
Other revenues	159,131	121,661	30.8%	138,936	14.5%	548,181	481,300	13.9%
Securities lending	26,311	25,463	3.3%	30,179	-12.8%	103,975	103,203	0.7%
Listing	13,336	12,233	9.0%	13,129	1.6%	52,935	50,058	5.7%
Depository, custody and back-office	51,240	27,724	84.8%	47,409	8.1%	177,706	130,829	35.8%
Trading access (Brokers)	8,415	9,833	-14.4%	8,654	-2.8%	36,186	39,493	-8.4%
Vendors	25,444	30,234	-15.8%	24,624	3.3%	101,563	98,434	3.2%
BM&FBOVESPA bank	11,024	9,991	10.3%	9,880	11.6%	39,804	35,161	13.2%
Others	23,361	6,183	277.8%	5,061	361.6%	36,012	24,122	49.3%
Revenue deductions	(68,254)	(60,060)	13.6%	(62,135)	9.8%	(255,645)	(242,213)	5.5%
PIS and Cofins	(58,444)	(51,980)	12.4%	(53,456)	9.3%	(220,500)	(210,591)	4.7%
Service tax	(9,810)	(8,080)	21.4%	(8,679)	13.0%	(35,145)	(31,622)	11.1%
Net revenues	623,653	543,230	14.8%	559,146	11.5%	2,320,781	2,216,634	4.7%
Expenses	(309,229)	(213,394)	44.9%	(446,143)	-30.7%	(1,226,195)	(850,656)	44.1%
Personnel	(167,671)	(106,539)	57.4%	(105,206)	59.4%	(505,105)	(443,006)	14.0%
Data processing	(37,581)	(31,993)	17.5%	(36,882)	1.9%	(144,648)	(122,020)	18.5%
Deprec. and amortization	(25,604)	(26,035)	-1.7%	(25,136)	1.9%	(98,320)	(110,857)	-11.3%
Third-party services	(14,935)	(11,416)	30.8%	(14,396)	3.7%	(45,530)	(41,052)	10.9%
Maintenance	(4,634)	(4,332)	7.0%	(3,927)	18.0%	(16,102)	(14,210)	13.3%
Communication	(1,187)	(1,341)	-11.5%	(1,376)	-13.7%	(5,292)	(5,749)	-7.9%
Marketing	(6,508)	(3,910)	66.4%	(1,683)	286.7%	(11,396)	(11,944)	-4.6%
Taxes	(2,516)	(2,740)	-8.2%	(1,706)	47.5%	(7,869)	(8,212)	-4.2%
Board/committees compensation	(2,508)	(2,355)	6.5%	(2,467)	1.7%	(9,798)	(9,149)	7.1%
Transaction with Cetip	(9,674)	-	-	(7,163)	35.1%	(65,629)	-	-
Others	(36,411)	(22,733)	60.2%	(246,201)	-85.2%	(316,506)	(84,457)	274.8%
Operating income	314,424	329,836	-4.7%	113,003	178.2%	1,094,586	1,365,978	-19.9%
<i>Operating margin</i>	<i>50.4%</i>	<i>60.7%</i>	<i>-1,030 bps</i>	<i>20.2%</i>	<i>3,021 bps</i>	<i>47.2%</i>	<i>61.6%</i>	<i>-1,446 bps</i>
Impairment	-	(1,662,681)	-	-	-	-	(1,662,681)	-
Equity in income of investees	-	-	-	-	-	-	136,245	-
Discontinuity of the Equity method	-	-	-	-	-	-	1,734,889	-
Gain on disposal of investment in associate	-	-	-	-	-	-	723,995	-
Financial result	188,206	289,822	-35.1%	221,525	-15.0%	151,984	508,796	-70.1%
Financial income	328,433	336,327	-2.3%	325,116	1.0%	1,167,300	745,707	56.5%
Financial expenses	(140,227)	(46,505)	201.5%	(103,591)	35.4%	(442,516)	(236,911)	86.8%
Divestment from CME Group shares	-	-	-	-	-	(572,800)	-	-
Income before taxes	502,630	(1,043,023)	148.2%	334,528	50.3%	1,246,570	2,807,222	-55.6%
Income tax and social contribution	425,439	635,537	-33.1%	(41,870)	-1116.1%	199,494	(603,764)	-133.0%
Current	782,618	170,156	359.9%	(5,922)	-13315.4%	(144,391)	(45,558)	216.9%
Deferred	(357,179)	465,381	-176.7%	(35,948)	893.6%	343,885	(558,206)	-161.6%
Net income (loss)	928,069	(407,486)	327.8%	292,658	217.1%	1,446,064	2,203,458	-34.4%
<i>Net margin</i>	<i>148.8%</i>	<i>-75.0%</i>	<i>22,382 bps</i>	<i>52.3%</i>	<i>9,647 bps</i>	<i>62.3%</i>	<i>99.4%</i>	<i>-3,710 bps</i>
Attributable to:								
BM&FBOVESPA's shareholders	927,871	(407,747)	327.6%	293,466	216.2%	1,446,263	2,202,238	-34.3%
<i>Net margin</i>	<i>148.8%</i>	<i>-75.1%</i>	<i>22,384 bps</i>	<i>52.5%</i>	<i>9,630 bps</i>	<i>62.3%</i>	<i>99.4%</i>	<i>-3,703 bps</i>
Minority interest	198	261	-24.1%	(808)	-124.5%	(199)	1,220	-116.3%
Sharecount	1,787,390,007	1,787,049,094	0.0%	1,787,403,276	0.0%	1,786,929,084	1,791,892,507	-0.3%
EPS attrib. to BM&FBOVESPA's shareholders	0.519121	(0.228802)	326.9%	0.164186	216.2%	0.809357	1.229001	-34.1%
Adjusted expenses	(206,648)	(170,435)	21.2%	(155,470)	32.9%	(653,129)	(614,350)	6.3%

STATISTICAL OPERATING DATA FOR BM&F SEGMENT

AVERAGE DAILY VOLUME - ADV (thousand contracts)

Contracts	4Q16	4Q15	4Q16/4Q15 (%)	3Q16	4Q16/3Q16 (%)	2016	2015	2016/2015 (%)
Interest rates in BRL	1,749.6	1,036.3	68.8%	1,206.0	45.1%	1,447.7	1,458.4	-0.7%
FX rates	416.4	405.4	2.7%	386.4	7.8%	411.9	463.9	-11.2%
Stock indices	103.8	108.6	-4.4%	78.7	31.9%	96.1	100.9	-4.7%
Interest rates in USD	248.4	285.8	-13.1%	229.3	8.3%	253.1	289.2	-12.5%
Commodities	6.3	5.2	22.6%	8.8	-28.5%	7.4	7.6	-3.4%
SUBTOTAL	2,524.5	1,841.2	37.1%	1,909.3	32.2%	2,216.1	2,320.1	-4.5%
Mini contracts	1,280.9	600.1	113.4%	996.9	28.5%	976.5	520.3	87.7%
TOTAL	3,805.5	2,441.3	55.9%	2,906.2	30.9%	3,192.5	2,840.4	12.4%

REVENUE PER CONTRACT (In R\$)

Contracts	4Q16	4Q15	4Q16/4Q15 (%)	3Q16	4Q16/3Q16 (%)	2016	2015	2016/2015 (%)
Interest rates in BRL	1.053	1.329	-20.8%	1.261	-16.5%	1.161	1.150	1.0%
FX rates	3.480	4.425	-21.4%	3.500	-0.6%	3.846	3.671	4.8%
Stock indices	1.834	2.135	-14.1%	1.662	10.3%	1.827	2.128	-14.1%
Interest rates in USD	1.520	1.996	-23.8%	1.562	-2.7%	1.794	1.840	-2.5%
Commodities	2.284	3.024	-24.5%	2.295	-0.5%	2.257	2.530	-10.8%
AVERAGE (Ex Minis)	1.534	2.166	-29.2%	1.772	-13.4%	1.765	1.787	-1.2%
Mini contracts	0.221	0.274	-19.4%	0.241	-8.2%	0.246	0.218	13.0%
OVERALL AVERAGE	1.092	1.701	-35.8%	1.247	-12.4%	1.300	1.500	-13.3%

STATISTICAL OPERATING DATA FOR BOVESPA SEGMENT

AVERAGE DAILY TRADED VALUE - ADTV (In R\$ millions)

Market	4Q16	4Q15	4Q16/4Q15 (%)	3Q16	4Q16/3Q16 (%)	2016	2015	2016/2015 (%)
Stocks and equity deriv.	8,665.7	6,862.4	26.3%	6,928.0	25.1%	7,414.2	6,788.9	9.2%
Cash market	8,288.4	6,631.3	25.0%	6,683.1	24.0%	7,115.4	6,552.1	8.6%
Derivatives	377.3	231.1	63.3%	244.9	54.1%	298.8	236.8	26.1%
Options market (stocks / indices)	300.2	167.2	79.6%	179.6	67.2%	233.9	170.3	37.4%
Forward market	77.1	63.8	20.8%	65.3	18.1%	64.8	66.5	-2.6%
Fixed income and other cash-market securities	2.3	2.6	-12.8%	2.9	-23.0%	2.3	3.9	-40.9%
TOTAL	8,668.0	6,865.0	26.3%	6,930.9	25.1%	7,416.5	6,792.8	9.2%

AVERAGE DAILY NUMBER OF TRADES (thousand)

Market	4Q16	4Q15	4Q16/4Q15 (%)	3Q16	4Q16/3Q16 (%)	2016	2015	2016/2015 (%)
Stocks and equity deriv.	1,019.7	967.2	5.4%	890.0	14.6%	980.8	935.7	4.8%
Cash market	919.5	916.2	0.4%	836.1	10.0%	912.0	876.3	4.1%
Derivatives	100.2	50.9	96.9%	53.9	85.9%	68.8	59.5	15.7%
Options market (stocks / indices)	99.7	50.4	97.8%	53.4	86.8%	68.3	59.0	15.8%
Forward market	0.5	0.5	6.4%	0.5	-2.8%	0.5	0.5	2.9%
Fixed income and other cash-market securities	0.010	0.007	43.1%	0.013	-19.2%	0.011	0.007	53.6%
TOTAL	1,019.8	967.2	5.4%	890.0	14.6%	980.8	935.7	4.8%

OTHER OPERATIONAL STATISTICS

	4Q16	4Q15	4Q16/4Q15 (%)	3Q16	4Q16/3Q16 (%)	2016	2015	2016/2015 (%)
Average market cap. (R\$ billions)	2,507.0	2,061.1	21.6%	2,398.5	4.5%	2,242.8	2,211.9	1.4%
Average Ibovespa (closing price)	61,042	46,354	31.7%	57,171	6.8%	53,263	49,780	7.0%
Average value under custody (R\$ billions)	1,328.9	980.8	35.5%	1,233.7	7.7%	1,144.4	1,075.9	6.4%
Average value under custody - ex ADRs and forgn. inv. (R\$ billions)	491.1	363.8	35.0%	444.3	10.5%	413.7	400.7	3.3%
Number of custody accounts - average	582,924	581,370	0.3%	578,295	0.8%	581,358	584,789	-0.6%
Treasury direct platform (average assets under custody - R\$ billions)	39.7	22.5	76.8%	35.7	11.1%	33.5	18.4	82.2%
ETFs (ADTV - R\$ million)	218.3	178.8	22.1%	170.8	27.8%	188.6	145.2	29.9%
# Listed companies to trade stocks	434	450	-3.6%	435	-0.2%	434	450	-3.6%
Turnover velocity (annualized)	82.3%	79.1%	317 bps	69.4%	1,294 bps	79.0%	72.9%	614 bps

TRADING MARGINS (basis points)

Market	4Q16	4Q15	4Q16/4Q15 (%)	3Q16	4Q16/3Q16 (%)	2016	2015	2016/2015 (%)
Stocks and Equity Derivatives	5.063	5.246	-0.183 bps	5.267	-0.204 bps	5.193	5.274	-0.081 bps
Cash market	4.706	4.959	-0.253 bps	4.922	-0.216 bps	4.826	4.968	-0.142 bps
Derivatives	12.905	13.483	-0.577 bps	14.679	-1.774 bps	13.930	13.741	0.189 bps
Options market	12.881	13.667	-0.786 bps	15.290	-2.409 bps	14.186	14.031	0.156 bps
Forward market	12.999	12.999	0.000 bps	12.999	0.000 bps	13.005	12.999	0.006 bps
TOTAL	5.064	5.254	-0.190 bps	5.268	-0.204 bps	5.194	5.275	-0.081 bps