QUARTERLY FINANCIAL STATEMENTS

2nd Quarter 2017

B3.COM.BR

Dear Shareholders,

We present you this discussion and analysis of the results and operations of B3 S.A. – Brasil, Bolsa, Balcão ("B3" or "Company") for the second quarter of 2017 (2Q17).

OPERATING PERFORMANCE

Financial and Commodities Derivatives (BM&F segment)[1]

The average daily volume on the BM&F segment totaled 3.2 million contracts in 2Q17, up 36.5% when compared to the second quarter of 2016 (2Q16), reflecting growth in most traded contracts. The highlights were the Interest rate in BRL contracts and the Stock indices contracts, which were up by 48.5% and 52.7%, respectively. The increase in volatility deriving from uncertainties in the political and economic scenarios reflected in both the interest and stock markets, positively impacting the volumes of these two contracts group.

Average Daily Volume *(thousands of contracts)*

Contracts	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Interest rates in BRL	2,074.7	1,397.0	*48.5%*	1,644.1	*26.2%*
FX rates	553.4	477.0	*16.0%*	490.5	*12.8%*
Stock indices	301.7	197.6	*52.7%*	251.1	*20.2%*
Interest rates in USD	261.4	264.5	*-1.1%*	249.9	*4.6%*
Commodities	9.6	8.1	*18.3%*	8.5	*12.5%*
TOTAL	**3,200.8**	**2,344.1**	***36.5%***	**2,644.1**	***21.1%***

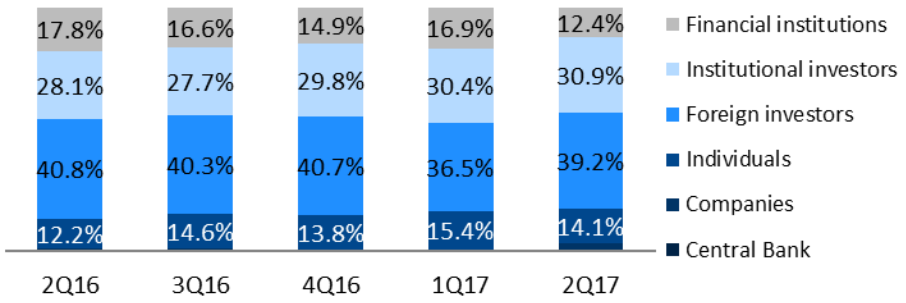
The increase in traded volumes was partially offset by the 22.8% decrease on the average revenue per contract (RPC) in comparison to 2Q16. This reduction was observed in all contracts groups and is mainly explained by: (i) changes in the mix of traded contracts, with an increase in the participation of options contracts, for which prices charged are lower than those of future contracts; (ii) increased participation of day trades, for which prices charged are lower than those of definitive operations; and (iii) the appreciation of 10.3% of the *Real* against the US Dollar[2], which negatively affected the RPC of contracts denominated in foreign currency (FX rates, Interest rate in USD and Commodities).

Average RPC *(R$)*

Contracts	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Interest rates in BRL	1.015	1.224	*-17.1%*	1.026	*-1.2%*
FX rates	3.038	3.738	*-18.7%*	3.138	*-3.2%*
Stock indices	1.070	1.309	*-18.3%*	0.992	*7.9%*
Interest rates in USD	1.440	1.897	*-24.1%*	1.441	*-0.1%*
Commodities	2.039	2.206	*-7.6%*	1.947	*4.7%*
OVERALL AVERAGE	**1.407**	**1.822**	***-22.8%***	**1.457**	***-3.4%***

With regards to the participation of investors in the traded volume, foreign investors remained as the most representative group of the segment, even with a small drop in their share, from 40.8% in 2Q16 to 39.2% in 2Q17. On the other hand, local institutional investors increased their participation in total volume, from 28.1% to 30.9%.

Average Daily Volume by Investor Category *(%)*



[1] As of 2Q17, the volume of Mini contracts began to be weighted in the respective standard contracts, impacting both volumes and RPC of these contracts groups.

[2] Considers the average variation of the closing PTAX rate at the end of Mar'16, Apr'16 and May'16 (base for 2Q16) and Mar'17, Apr'17 and May'17 (base for 2Q17).

Equities and Equity Derivatives (Bovespa segment)

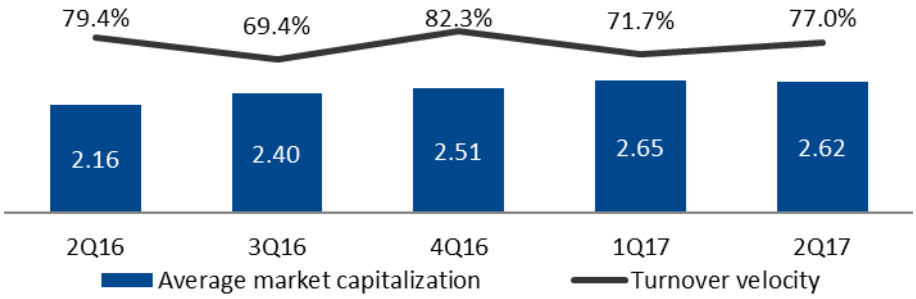
The average daily traded value (ADTV) in the Bovespa segment reached R$8.5 billion in 2Q17, up by 18.8% over the same period of the previous year. This growth is primarily explained by a rise of 19.5% in the cash market, which accounted for 96.8% of the total value traded of this segment for this quarter.

Average Daily Trading Volume *(R$ million)*

Market	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Stocks and equity deriv.	8,485.0	7,141.9	*18.8%*	8,040.6	*5.5%*
Cash market	8,212.4	6,872.4	*19.5%*	7,735.7	*6.2%*
Derivatives	272.6	269.5	*1.2%*	304.8	*-10.6%*
Options market (stocks / indices)	174.3	209.2	*-16.7%*	223.9	*-22.2%*
Forward market	98.3	60.3	*63.0%*	80.9	*21.4%*
Fixed income and other cash-market	2.1	1.7	*24.2%*	1.6	*32.8%*
TOTAL	**8,487.1**	**7,143.6**	***18.8%***	**8,042.1**	***5.5%***

The average market capitalization[3] for the period reached R$2.62 trillion, up by 21.6% when compared to 2Q16. This increase was partially offset by the drop in the level of market activity, measured by the turnover velocity[4] which was 77.0% in 2Q17 versus 79.4% in 2Q16.

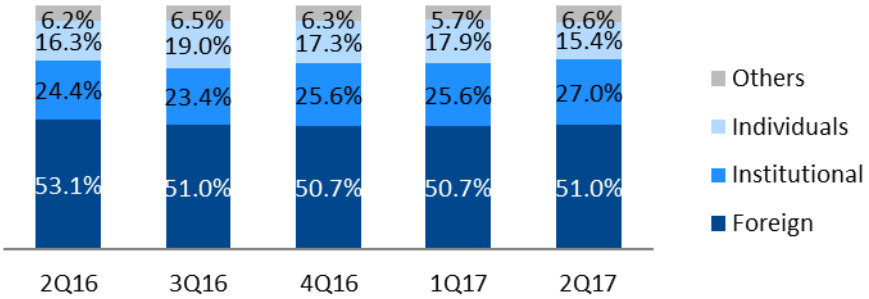
Average Market Capitalization *(R$ trillion)* **and Turnover Velocity** *(%)*



The trading and post-trading margins reached 5.118 bps in the quarter versus 5.208 bps in 2Q16. This decrease is mainly explained by the lower share of stock-based derivatives in the overall volumes, since these contracts have higher margins.

With regard to the trading value by investor group, local institutional investors increased their ADTV by 31.4% when compared to 2Q16, representing 27.0% of total ADTV. Foreign investors continued to be the most representative group in the segment, with 51.0% of total ADTV in 2Q17.

Average Daily Trading Volume by Investor Category *(R$ billion)*



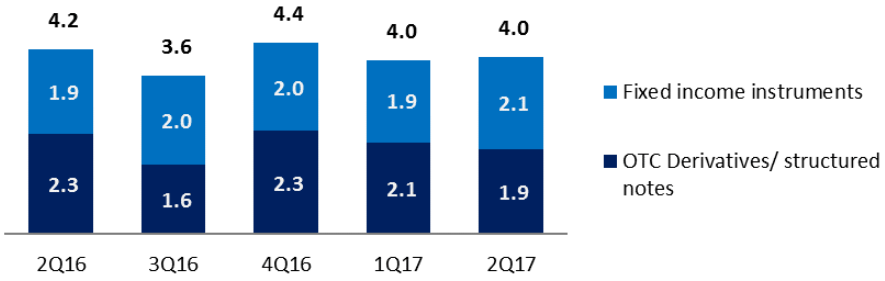
Cetip Securities segment

The financial volume of new registrations reached R$4.0 trillion in 2Q17, down 4.3% when compared to the same period of the previous year, mainly due to a 15.1% drop in registration volumes of over-the-counter (OTC) derivatives and structured notes. It is worth noting that the beginning of 2016 was marked by significant volatility in the exchange rate and depreciation of the *Real* against the US Dollar, which directly influencing the demand for hedging instruments during that period and consequently affecting the comparison with 2Q16 results. The financial volume of fixed income instruments increased by 8.4% in comparison to 2Q16, reflecting the 8.3% increase in bank funding instruments, mostly bank deposit certificates (CDBs).

[3] Market capitalization is the product of multiplying the number of shares issued by listed companies by their respective market prices.

[4] Turnover velocity is the result of dividing the volume traded on the cash market during the period, annualized, by the average market capitalization for the same period.

Registration Volume per Instrument *(R$ trillion)*



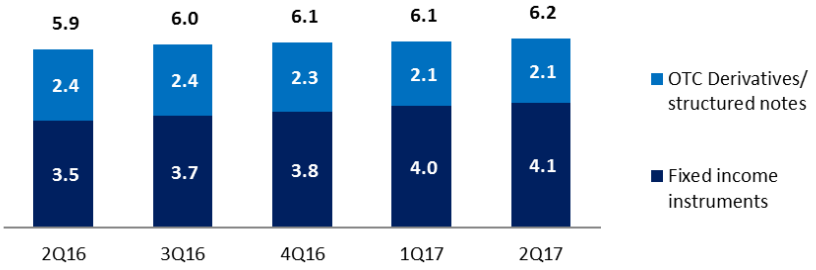
Average price charged for the registration of fixed income instruments dropped by 7.6%, reflecting changes in product mix and the migration of customers to lower price ranges, according to the progressive discounts offered by volume. On the other hand, the average price charged for the registration of OTC derivatives and structured notes grew by 19.2%, as a result of drop in the volume of forward transactions that exceeded the price ceiling (price cap).

Average Registration Price *(basis points - bps)*

	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Average price fixed income	**0.068**	**0.074**	*-7.6%*	**0.073**	*-7.3%*
Average price OTC derivatives/ structured notes (COE)	**0.055**	**0.046**	*19.2%*	**0.041**	*35.8%*

The stock of registered assets on which maintenance (CSD/TR) fees are incurred reached R$6.2 trillion, up by 5.9% in comparison to 2Q16 due, in particular, to the 16.8% growth in the average financial volume of fixed income instruments. It is worth highlighting that the stock of fixed income instruments reflects both the increase in CDBs issuance during the quarter, as well as the shifting of this product to the new pricing model introducted in Mar'15, which reduced fees that were previously charged for registration and transactions of this instrument and established a maintenance fee for this product. The shifting process is gradual and the maintenance (CSD/TR) fee is only applicable to registrations ocurring after this change. On the other hand, the increased participation of CBDs in this asset class caused a reduction on the average price charged for the service.

Maintenance (CSD/TR) Volume per Instrument [3] *(R$ trillion)*



Average Maintenance (CSD/TR) Fee *(basis points - bps)*

	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Average price fixed income	**0.077**	**0.083**	*-6.8%*	**0.079**	*-2.5%*
Average price OTC derivatives/ structured notes (COE)	**0.037**	**0.036**	*2.7%*	**0.036**	*2.0%*
End Users ('000)	**0.362**	**0.492**	*-26.5%*	**0.410**	*-11.8%*

The average number of customers in the monthly utilization service remained stable in relation to 2Q16. However, there was a 7.2% increase in the average price charged for this service as a result of the annual price readjustment for inflation (IGP-M) in Jan'17.

	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Monthly Utilization					
Average number of clients	**12,388**	**12,368**	*0.2%*	**12,273**	*0.9%*
Average price (R$)	1,647	1,535	*7.2%*	1,647	*0.0%*
Transactions					
Total number of transactions	**91,095**	**90,743**	*0.4%*	**101,078**	*-9.9%*
Average price (R$)	0.39	0.38	*3.4%*	0.38	*3.9%*
Interbank Payment Chamber (CIP)					
Processed electronic cash transfers (EFT)	**126,192**	**99,697**	*26.6%*	**114,322**	*10.4%*
Average price (R$)	0.09	0.10	*-9.5%*	0.10	*-3.9%*

Cetip Financing segment

The number of registrations in the National Liens System (SNG) was positively impacted by the 7.6% increase in the number of vehicles financed. This increase is explained by the combination of a 6.9% growth in the total number of vehicles sold with greater financing penetration, which went from 28.1% in 2Q16 to 28.3% in 2Q17.

The number of contract inclusions in the Contracts System increased by 10.2% over 2Q16, due to a combination of a 7.6% growth in the number of vehicles financed and the increase in market share, which went from 72.8% in 2Q16 to 74.6% in 2Q17.

	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
SNG					
Number of vehicles sold *(thousand)*	**4,299**	**4,022**	*6.9%*	**3,938**	*9.2%*
New	*794*	*795*	*-0.1%*	*712*	*11.5%*
Used	3,505	3,227	*8.6%*	3,226	*8.6%*
Number of vehicles financed *(thousand)*	**1,217**	**1,131**	*7.6%*	**1,209**	*0.6%*
New	*436*	*438*	*-0.5%*	*410*	*6.3%*
Used	781	693	*12.7%*	799	*-2.2%*
% Vehicles financed / vehicles sold	**28.3%**	**28.1%**	*19 bps*	**30.7%**	*-239 bps*
Contracts Systems					
Contracts Additions *(thousand)*	**907**	**824**	*10.2%*	**900**	*0.9%*
% Contracts additions / vehicles financed	**74.6%**	**72.8%**	*173 bps*	**74.4%**	*16 bps*

INCOME STATEMENT

The consolidated results for the 2Q17 include Cetip's results for the period, while the results for 2Q16 contemplate the audited figures reported by BM&FBOVESPA[5]. Therefore, to allow comparability of the combined Company's performance, we are presenting managerial combined results for 2Q16, which include Cetip's figures[6].

Revenues

(In thousand of Brazilian Reals, unless otherwise indicated)	2Q17	2Q16		2Q17/2Q16 (%)	
	IFRS Accounting	IFRS Accounting	Managerial Accounting	IFRS Accounting	Managerial Accounting
Total revenues	**1,079,205**	**637,851**	**990,922**	***69.2%***	***8.9%***
Trading/settlement - BM&F	**285,167**	**272,258**	**272,258**	***4.7%***	***4.7%***
Derivatives	280,577	266,805	266,805	*5.2%*	*5.2%*
Foreign exchange	4,590	5,453	5,453	*-15.8%*	*-15.8%*
Trading/settlement - Bovespa	**270,498**	**238,998**	**238,998**	***13.2%***	***13.2%***
Trading fees	43,131	38,312	38,312	*12.6%*	*12.6%*
Clearing fees	221,833	196,078	196,078	*13.1%*	*13.1%*
Others	5,534	4,608	4,608	*20.1%*	*20.1%*
Cetip Securities segment	**277,757**	**-**	**264,391**	**-**	***5.1%***
Registration fees	28,657	-	27,922	-	*2.6%*
Maintenance (CSD/TR)	124,634	-	121,821	-	*2.3%*
Monthly utilization	61,196	-	56,899	-	*7.6%*
Transaction fees	35,916	-	34,583	-	*3.9%*
Other revenue from services	27,354	-	23,166	-	*18.1%*
Cetip Financing segment	**104,388**	**-**	**88,637**	**-**	***17.8%***
SNG	38,523	-	34,946	-	*10.2%*
Contracts Systems (Sircof)	48,547	-	40,924	-	*18.6%*
Market data and Development of solutions	16,985	-	12,274	-	*38.4%*
Other Revenues	333	-	493	-	*-32.5%*
Other revenues	**141,395**	**126,595**	**126,638**	***11.7%***	***11.7%***
Securities lending	22,888	24,329	24,329	*-5.9%*	*-5.9%*
Listing	13,990	12,915	12,915	*8.3%*	*8.3%*
Depository, custody and back-office	55,216	42,592	42,592	*29.6%*	*29.6%*
Trading access (Brokers)	8,735	9,338	9,338	*-6.5%*	*-6.5%*
Vendors	27,139	24,197	24,197	*12.2%*	*12.2%*
BM&FBOVESPA bank	9,736	9,574	9,587	*1.7%*	*1.6%*
Others	3,691	3,650	3,680	*1.1%*	*0.3%*
Revenue deductions	**(108,302)**	**(63,377)**	**(98,439)**	***70.9%***	***10.0%***
PIS and Cofins	(91,150)	(54,967)	(81,755)	*65.8%*	*11.5%*
Service tax	(17,152)	(8,410)	(16,684)	*103.9%*	*2.8%*
Net revenues	**970,903**	**574,474**	**892,483**	***69.0%***	***8.8%***

Total revenue: reached R$1,079.2 million in 2Q17, 8.9% higher than in 2Q16, due to increased revenues in all segments, as detailed below.

BM&F segment - trading, clearing and settlement: amounted to R$285.2 million (26.4% of the total), 4.7% higher than in 2Q16, explained by the increase in the average daily volume for the quarter. It is worth noting that the Company constituted a cash

[5] Considering that the conclusion of the combination between BM&FBOVESPA and Cetip occurred on March 29, 2017, the accounting results for 2Q16 do not include the results for Cetip.

[6] The combined income statement takes into account the revenues, expenses and other lines of the result of BM&FBOVESPA and Cetip for the entire 2Q16, considering: (i) elimination of revenues and expenses from transactions between the Companies; (ii) the recognition of revenues of Cetip Securities segment and Cetip Financing segment net of discounts; and (iii) the reclassification of certain expenses lines of Cetip to the current expenses lines of the Company.

flow hedge[7], designating a foreign currency loan taken in Dec'16 to cover the effects of currency variations on part of the revenues denominated in USD for this segment (FX rates and Interest rates in USD contracts), as of Feb'17, therefore reducing the impact of exchange rate variations on revenues for this segment, and, at the same time, on the Company's financial revenues. Excluding the effect of this cash flow hedge, revenues for this segment would have increased by 2.8% in relation to 2Q16.

Bovespa segment - trading, clearing and settlement: totaled R$270.5 million (25.1% of the total), a 13.2% growth over 2Q16. Trading and post-trading revenues amounted to R$265.0 million, up 13.0% when compared to the same period of the previous year, reflecting the net effect of a 18.8% increase in ADTV and a 1.7% drop in trading and post-trading margins, explained mostly by the lower participation of equity derivatives in the total volume, as these have higher margins.

Cetip Securities segment: totaled R$277.8 million in 2Q17 (25.7% of the total), up 5.1% versus 2Q16, explained mainly by the 7.6% growth in monthly utilization revenues, resulting from the price readjustment by inflation for the period (IGP-M), and by the 18.1% increase in other revenues, reflecting the increase in the number of electronic cash transfers (EFTs) processed and other financial settlements. Registration and maintenance revenues also grew driven by time-deposit (CDBs) activity.

Cetip Financing segment: totaled R$104.4 million in 2Q17 (9.7% of the total), a 17.8% growth from 2Q16, mainly due to the increase of: (i) 10.2% in SNG revenues; and (ii) 18.6% in Contracts System revenues, which is explained by the 7.6% increase in the number of vehicles financed and an increase of 173 bps in market share for the Contracts System, which went from 72.8% in 2Q16 to 74.6% in 2Q17.

Other revenues: revenues not tied to volumes traded reached R$141.4 million (13.1% of the total) in 2Q17, up by 11.7% when compared to the same period of the previous year. The highlights were:

- **Securities lending**: amounted to R$22.9 million (2.1% of the total), down 5.9% from 2Q16, primarily due to the drop of 9.6% in the average financial volume of open interest positions in the same period.
- **Depository, custody and back office**: amounted to R$55.2 million (5.1% of the total), up 29.6% in comparison to 2Q16, due to: (i) increase of 56.1% in revenues from *Tesouro Direto*, which reached R$23.5 million in 2Q17; (ii) inflation readjustment to the prices of certain depositary services in Jan'17; and (iii) a 4.6% increase in the average number of accounts at the depository central.
- **Market data**: revenues from market data amounted to R$27.1 million (2.5% of the total), up by 12.2% versus 2Q16, mainly explained by the increase in the number of users accessing the market data system.

Net revenues: increased by 8.8% in comparison to 2Q16, reaching R$970.9 million in 2Q17.

Expenses

(In thousand of Brazilian Reals, unless otherwise indicated)	2Q17	2Q16		2Q17/2Q16 (%)	
	IFRS Accounting	IFRS Accounting	Managerial Accounting	IFRS Accounting	Managerial Accounting
Expenses	**(671,745)**	**(268,786)**	**(392,281)**	***149.9%***	***71.2%***
Personnel	(165,462)	(125,953)	(184,174)	*31.4%*	*-10.2%*
Data processing	(43,328)	(34,329)	(41,056)	*26.2%*	*5.5%*
Deprec. and amortization	(231,032)	(23,766)	(49,801)	*872.1%*	*363.9%*
Third-party services	(28,526)	(8,580)	(25,245)	*232.5%*	*13.0%*
Maintenance	(6,092)	(3,801)	(5,050)	*60.3%*	*20.6%*
Communication	(2,462)	(1,125)	(2,383)	*118.8%*	*3.3%*
Marketing	(4,980)	(1,624)	(5,338)	*206.7%*	*-6.7%*
Taxes	(2,208)	(1,826)	(2,097)	*20.9%*	*5.3%*
Board/comittees compensation	(4,115)	(2,516)	(4,127)	*63.6%*	*-0.3%*
Related to the combination with Cetip	(145,327)	(47,785)	(48,869)	*204.1%*	*197.4%*
Others	(38,213)	(17,481)	(24,141)	*118.6%*	*58.3%*

Expenses amounted to R$671.7 million in 2Q17, impacted by R$194.9 million related to amortization of intangible assets generated in the acquisition of Cetip, and by R$145.3 million in extraordinary items related to the business combination between BM&FBOVESPA and Cetip.

[7] The average RPC for the FX rates and Interest rates in USD contracts in 2Q16 reflects the average PTAX closing rate at the end of the months of Mar'16, Apr'16 and May'16 (R$3.53), while the average RPC for 2Q17 considers the average PTAX closing rate at the end of the months of Mar'17, Apr'17 and May'17 (R$3.20). However, with the adoption of the cash flow hedge from Apr'17 to Jun'17, by designating a foreign currency loan to cover the effects of currency variations on part of the revenues generated by these contracts, revenues in 2Q17 were recognized using an exchange rate of R$3.37.

- **Personnel:** totaled R$165.5 million in 2Q17, down by 10.2% when compared to the same period of the previous year. Excluding the extraordinary expense of R$17.6 million in 2Q16, related to severance charges, the Company's personnel expenses would have been stable, despite the Company's annual salary readjustment, reflecting: (i) the synergy gains from the business combination with Cetip; and (ii) the end of the appropriation of expenses related to former Cetip's stock option programs, which totaled R$3.2 million in 2Q16, given that outstanding options were canceled against cash payment at their fair value in the context of the business combination with former BM&FBOVESPA.
- **Data processing:** reached R$43.3 million in 2Q17, up by 5.5% explained mainly by the readjustment by inflation of IT maintenance contracts.
- **Third-party services:** totaled R$28.5 million, up 13.0% year over year, mainly due to increase in expenses directly linked to sales, notably expenses with Denatran and Fenaseg, which totaled R$14.9 million in 2Q17 (R$11.6 million in 2Q16).
- **Depreciation and amortization:** amounted to R$231.0 million in 2Q17, impacted by the amortization of intangible assets resulting from the acquisition of Cetip which began in Apr'17 and reached R$194.9 million.
- **Related to the business combination with Cetip**: amounted to R$145.3 million in 2Q17, consisting of: (i) R$111.0 million in extraordinary expenses with personnel (severance, retentions and payroll charges); and (ii) R$34.3 million related to advisor fees, consultants and branding.
- **Others**: totaled R$38.2 million in 2Q17, mainly due to an increase of provision expenses amounting to R$20.0 million (versus R$6.0 million in 2Q16), being that R$10.5 million are related to legal disputes of which part of the amount under discussion is updated according to the price of BVMF3 shares.

Financial Result

(In thousand of Brazilian Reals, unless otherwise indicated)	2Q17	2Q16		2Q17/2Q16 (%)	
	IFRS Accounting	IFRS Accounting	Managerial Accounting	IFRS Accounting	Managerial Accounting
Financial result	**(58,373)**	**(418,290)**	**(378,006)**	*-86.0%*	*-84.6%*
Financial income	267,034	284,244	402,769	*-6.1%*	*-33.7%*
Financial expenses	(325,407)	(129,734)	(207,975)	*150.8%*	*56.5%*
Divestment from CME Group shares	-	(572,800)	(572,800)	*-100.0%*	*-100.0%*

The financial result was loss of R$58.4 million in 2Q17. The comparison with 2Q16 was impacted by extraordinary items related to the sale of shares of CME Group held in Apr'16.

- **Financial income:** totaled R$267.0 million, a 33.7% drop versus 2Q16, mainly explained by the reduction in the average cash position during the period, considering the payment of R$8.4 billion in cash to former shareholders of Cetip, which was made on April 28, 2017.
- **Financial expenses**: totaled R$325.4 million, a 56.5% increase versus 2Q16, impacted by: (i) the increase in expenses mainly related to the accrual of interest on the debentures issued by the Company in Dec'16, in the amount of R$96.6 million; and (ii) the R$42.0 million non-recurring provision for interest and fines related to the Company's decision to join the Special Tax Settlement Program (PERT) – more information below.

Income Tax and Social Contribution

(In thousand of Brazilian Reals, unless otherwise indicated)	2Q17	2Q16		2Q17/2Q16 (%)	
	IFRS Accounting	IFRS Accounting	Managerial Accounting	IFRS Accounting	Managerial Accounting
Income tax and social contribution	**(77,787)**	**(1,541)**	**(96,214)**	*4947.8%*	*-19.2%*
Current	(39,627)	(907,790)	(977,889)	*-95.6%*	*-95.9%*
Deferred	(38,160)	906,249	881,675	*-104.2%*	*-104.3%*

Income tax and social contribution amounted to R$77.8 million in 2Q17. The current amount reached R$39.6 million and was impacted by R$52.1 million in taxes related to the PERT. This amount was partially offset by a reversal of tax provisions made by the Company in 1Q17. The deferred amount reached R$38.2 million, without impacting cash, mainly consisting of temporary differences on the tax amortization of goodwill which reached R$133.1 million in 2Q17 and by the creation of a deferred tax asset on the amortization of intangible assets generated in the business combination with Cetip, which reached R$66.3 million

(positive) and represents 34% of the amortized amount in 2Q17 (R$194.9 million), of which the credit can only be used after the legal merger of Cetip into B3, which occurred in Jul'17.

B3 joins Federal Revenue's Tax Settlement Program (PERT): B3 decided to join the PERT tax relief program and take advantage of its differentiated conditions of payment to settle the debit related to the tax assessment issued by the Brazilian Federal Revenue Service, which challenged the tax deductibility of the interest on capital paid to the Company's shareholders in 2008. The initial payment to the revenue service will be made by August 31st, 2017, and will result in a reduction in the amount of the due tax from R$157.0 million (valued on July 30th, 2017) to R$94.1 million. The impact on 2Q17 net income was R$87.8 million, of which R$42.0 million was in the financial expenses line (R$18.6 million in interest and R$23.4 million in fines) and R$45.8 million in the income tax and social contribution line (R$52.1 million in taxes due less tax shield from interest expenses that amounted to R$18.6 million).

Net Income

(In thousand of Brazilian Reals, unless otherwise indicated)	2Q17	2Q16		2Q17/2Q16 (%)	
	IFRS Accounting	IFRS Accounting	Managerial Accounting	IFRS Accounting	Managerial Accounting
Net income	**163,480**	**(114,143)**	**26,162**	***-243.2%***	***524.9%***
Net margin	*16.8%*	*-19.9%*	*2.9%*	*3,671 bps*	*1,391 bps*
Attributable to:					
BM&FBOVESPA´s shareholders	**163,315**	**(114,401)**	**25,904**	*-242.8%*	*530.5%*
Net margin	*16.8%*	*-19.9%*	*2.9%*	*3,673 bps*	*1,392 bps*
Minority interest	165	258	258	*-36.0%*	*-36.0%*

Net income (attributable to shareholders) reached R$163.3 million in 2Q17. The year-over-year comparison was impacted by non-recurring items, notably: (i) the divestment in the CME Group shares in 2Q16; (ii) extraordinary expenses related to the combination between BM&FBOVESPA and Cetip; (iii) the beginning of the amortization of intangible assets generated in the combination with Cetip; and (iv) decision to join the PERT.

Adjustments to net income

(In thousand of Brazilian Reals, unless otherwise indicated)	2Q17	2Q16	2Q17/2Q16 (%)
	IFRS Accounting	Managerial Accounting	
Net income (attributable to shareholders)	**163.315**	**25.904**	530,5%
Expenses related to the combination with Cetip	95.916	32.254	197,4%
Non-recurring provisions	-	-	-
Impairment	-	-	-
Divestment from CME Group shares	-	568.067	-
Intangible amortization (combination with GRV)	128.642	-	-
Intangible amortization (combination with Cetip)	-	8.567	-
Taxes Refinancing (REFIS/PERT)	87.809	-	-
Recurring net income	**475.682**	**634.792**	**-25,1%**
Deferred Tax (goodwill on Bovespa combination)	133.054	135.290	-1,7%
Recurring net income adjusted by goodwill tax benefit	**608.736**	**770.082**	**-21,0%**

Note: Post tax amounts calculated based on a 34% tax rate, when applicable.

Excluding the non-recurring items mentioned above, the adjusted net income would have reached R$475.7 million in 2Q17, 25.0% lower than in 2Q16, mainly impacted by a decrease in the financial result due to a lower cash position and the increase in the Company´s indebtedness. Additionally, if the net income were adjusted by the fiscal benefit of the Bovespa Holding amortization, in a cash taxes approach, it would have totaled R$608.7 million.

MAIN ITEMS OF THE CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2017

Assets, Liabilities and Shareholders' Equity Accounts

As mentioned above, with the completion of the transaction for combining the activities of BM&FBOVESPA and Cetip, in Mar'17, the assets, liabilities and shareholders' equity accounts described below include the consolidated information for both companies at the end of Jun'17, while the information for Dec'16 is only reflected for BM&FBOVESPA.

The Company ended the quarter with total assets of R$37.2 billion, up 19.5% over Dec'16. The main changes in the Company's assets were derived from the business combination with Cetip, which impacted the lines for: (i) financial investments and short and long-term securities, which reduced by R$7.7 billion, mainly affected by the payment, on April 28, 2017, of the cash portion to former shareholders of Cetip (R$8.4 billion); and (ii) goodwill, which reached R$22.3 billion at the end of the quarter, and software and projects (intangible assets), which amounted to R$5.7 billion in Jun'17, compared to R$14.4 billion and R$0.9 billion, respectively, at the end of Dec'16, as a result of the Purchase Price Allocation ("PPA") of the transaction.

In non-current liabilities, it is worth noting the increase in provisions for tax and debt lines, a reflection caused by the consolidation of the financial statements of BM&FBOVESPA and Cetip.

Shareholders' equity at the end of Jun'17 stood at R$24.2 billion, an increase of 26.7% versus Dec'16. primarily consisting of capital reserves of R$18.4 billion and capital stock of R$3.2 billion.

OTHER FINANCIAL INFORMATION

Investments

During 2Q17, R$52.2 million in investments were made. Of this amount, R$41.8 million (80% of the total) were invested in projects for the Bovespa and BM&F segments, particularly for the technological update of PUMA platform and the equities phase of the new Clearinghouse, and R$8.5 million were invested in Cetip Securities and Cetip Financing segments, towards technological infrastructure and architecture.

The 2017 budget foresees investments between R$250 million and R$280 million; of this total, R$158.9 million were made in the first half of 2017.

Distribution of Proceeds

On August 11th, 2017, the Board of directors approved the payment of interest on capital in the amount of R$81.6 million, payable on September 8th, 2017, based on the shareholder register of August 21st, 2017.

OTHER HIGHLIGHTS

Update on strategic initiatives

Merger integration project: during 2Q17, the Company moved forward in the integration project between BM&FBOVESPA and Cetip, which is its main focus at the moment and affects several areas and activities of B3. The highlights were: (i) the unification of HR policies and benefits as well as of the enterprise resource planning (ERP) systems; and (ii) the legal merger of Cetip into B3, completed in early July.

Clearinghouse (post-trading integration): in 2Q17, B3 continued the parallel production cycles and began the implementation cycle of the second phase of the new Clearinghouse, which will migrate the equity and corporate fixed income markets into a new infrastructure integrated with the derivatives and commodities markets. The migration of the second phase is still contingent on the regulatory approvals and should occur in the second half of 2017. Another highlight, which will come into effect after the integration of the clearinghouses, is the acceptance of collateral abroad for financial derivatives, which was approved by the Central Bank.

Enhancements to the Special Listing Segments and Corporate Governance Program for State-Owned Companies: in Jun'17, the hearing period for the new versions of Novo Mercado and Level 2 regulations was concluded. Companies listed in these segments evaluated and formally gave answers about the proposed changes and. As a result, the proposed Novo Mercado base rules were approved - including rules related to Free Float, Dilution, Board of Directors, Delisting from the Segment, Corporate Restructuring, Compliance and Control, among others – as well as a rule for management evaluation, one of the specific rules

that were submitted to voting in addition to the base rules. The proposed rule changes for Level 2 were not approved. Also, in Aug'17, B3 certified Petrobras and Banco do Brasil in the State-Owned Enterprise Governance Program, which aims to increase transparency and to strengthen investors' confidence in listed state-owned companies.

DAP – Inflation Linked Futures: in Jun'17, B3 surpassed the mark of 1 million traded Inflation Linked Future Contracts (DAP). In total, more than 1,290,000 contracts have already been traded since May'16, when two market makers started to participate in the market. B3 ended Jun'17 with 211,782 outstanding contracts in 14 maturities traded by more than 50 different counterparties. In 2Q17, ADV reached 6,800 contracts, a 20% increase in relation to the ADV in 1Q17.

Progress on projects in the Cetip Financing segment: in the real estate platform, the product to provide regulatory services in connection with Central Bank's Resolution 4,088, which is expected to enter into force in Oct'17, is in the process of homologation or technical connection with the main financial institutions that operate in this segment. The product Cetip | Plataforma Imobiliária – Registro de Garantia, which connects banks and notary offices for the electronic registration of real estate financing contracts, has already began operations with two real estate fund providers.

Sustainability and private social investment

B3 launched, in April, the "Report or Explain to the Sustainable Development Goals (SDG)". As of this year, listed companies must report annually whether they prepare their sustainability or integrated reports based on the goals listed in the SDG. If the reports are not based on the SDG, companies will be asked to indicate the reasons why they are not so. The first results of this initiative will be presented to the market in September of this year.

In June, B3 signed a support letter to the Task Force on Climate-related Financial Disclosures (TCFD), an initiative of the Financial Stability Board (FSB) with the objective of establishing recommendations for the financial system to request from its clients structured information on climatic risks arising from their activities. This letter was signed by 103 CEOs and Chairmans from around the world and was delivered to the G20.

EXTERNAL AUDIT

The Company and its subsidiaries have retained Ernst & Young Auditores Independentes to provide audit services for its financial statements for the period ended June 30, 2017, with the exception of Cetip S.A., which retained PricewaterhouseCoopers to provide audit services for its 1Q17 financial statements.

The policy of the Company and its subsidiaries for engaging external audit services is based on internationally accepted principles, which preserve the independence of works of this nature and include the following conditions: (i) the auditor may not perform executive or management roles in the Company or its subsidiaries; (ii) the auditor may not perform operational activities in the Company or its subsidiaries that might compromise the efficacy of the audit work; and (iii) the auditor must remain impartial – avoiding any conflicts of interest or loss of independence – and must be objective in their opinions and pronouncements on the financial statements..

In the first half of 2017, other services not related to external audit were provided by Ernst & Young Auditores Independentes and PricewaterhouseCoopers, at a level higher than 5% of the total fees related to the external audit services for the period.

In relation to Ernst & Young Auditores Independentes, these services were related to the business combination between BM&FBOVESPA and Cetip and totaled R$90 thousand (6.7% of the external audit contract). They refer to: (i) Reasonable assurance and reporting on the pro forma financial information of BM&FBOVESPA for the fiscal year ended December 31, 2016 (CVM Instruction 565) (R$5.3 thousand); (ii) And the audit of the financial statements as of December 31, 2016 of Companhia São José Holding (R$84 thousand).

In relation to PricewaterhouseCoopers or related parties, these services accounted for 416% accounted for 1Q17 and refer to: (i) advisory services for fulfilling regulatory obligations in Luxembourg (R$52 thousand); (ii) Advisory services for IT architecture updating (R$437 thousand); and (iii) Limited assurance services for measuring the fair value of existing stock option plans at Cetip (R$180 thousand), with the latter being contracted by BM&FBOVESPA.

Justification of Independent Auditors – Ernst & Young Auditores Independentes

The provision of services non-related to the external audit neither impacts the independence nor the objectivity when carrying out external audit reviews. The Company's policy when providing professional services not related to the external audit is based

on principles that preserve the Auditor's independence, which were complied with in the provision of the above-mentioned services.

Justification of Independent Auditors – PricewaterhouseCoopers Auditores Independentes

The provision of services non-related to the external audit neither impacts the independence nor the objectivity when carrying out external audit reviews. The Company's policy when providing professional services not related to the external audit is based on principles that preserve the Auditor's independence, which were complied with in the provision of the above-mentioned services.

Quarterly Information (ITR)

B3 S.A. - Brasil, Bolsa, Balcão

(Formerly BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros)

June 30, 2017
with Independent Auditor's Report

B3 S.A. - Brasil, Bolsa, Balcão
(Formerly BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros)

Quarterly Information

June 30, 2017

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A free translation from Portuguese into English of Independent Auditor's Report on quarterly information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Independent auditor's report on quarterly information

The Shareholders, Board of Directors and Officers

B3 S.A. - Brasil, Bolsa, Balcão
(Formerly BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros)
São Paulo, Brazil

We have reviewed the accompanying individual and consolidated interim financial information of B3 S.A. - Brasil, Bolsa, Balcão ("Company"), formerly BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros, contained in the Quarterly Information Form (ITR) for the three-month period ended June 30, 2017, which comprises the balance sheet as at June 30, 2017 and the related statements of income and of comprehensive income for the three and six-month periods then ended and of changes in equity and of cash flows for the six-month period then ended, including explanatory information.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of this financial information in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Uma empresa-membro da Ernst & Young Global Limited

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

We have also reviewed the individual and consolidated Statements of Value Added (SVA) for the three-month period ended June 30, 2017, prepared under the responsibility of Company management, the presentation of which in the interim financial information is required by the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR), and as supplementary information under the IFRS, whereby no SVA presentation is required. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall interim financial information.

São Paulo, August 11, 2017.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Eduardo Wellichen
Accountanto CRC-1SP184050/O-6

Uma empresa-membro da Ernst & Young Global Limited

B3 S.A. - Brasil, Bolsa, Balcão

(Formerly BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros)

Balance sheet
June 30, 2017 and December 31, 2016
(In thousands of reais)

		B3		Consolidated	
	Note	**06/30/2017**	**31/12/2016**	**06/30/2017**	**31/12/2016**
Assets					
Current assets		**5,024,920**	13,090,306	**4,784,100**	11,612,517
Cash and cash equivalents	4(a)	**337,870**	331,978	**313,767**	319,124
Financial investments and marketable securities	4(b)	**4,061,569**	12,426,337	**3,661,718**	10,964,214
Derivative financial instruments	4(c)	**18,376**	5,600	**18,376**	5,600
Accounts receivable	5	**100,188**	90,896	**237,935**	91,645
Other receivables	6	**75,682**	14,030	**84,428**	10,289
Taxes recoverable and prepaid	19(d)	**395,250**	179,553	**422,308**	179,694
Prepaid expenses		**35,985**	41,912	**45,568**	41,951
Noncurrent assets		**30,333,383**	17,612,629	**32,458,210**	19,543,358
Long-term receivables		**1,412,967**	1,699,835	**3,566,697**	3,749,282
Financial investments and marketable securities	4(b)	**1,189,853**	1,517,478	**3,175,489**	3,564,243
Derivative financial instruments	4(c)	**34,889**	-	**34,889**	-
Judicial deposits	14(h)	**173,888**	162,278	**335,923**	162,760
Other receivables	6	**-**	-	**4,059**	2,200
Prepaid expenses		**14,337**	20,079	**16,337**	20,079
Investments		**13,142,489**	150,574	**45,049**	29,117
Interest held in associate	7(a)	**-**	-	**16,691**	-
Interest held in subsidiaries	7(a)	**13,142,489**	150,574	**-**	-
Investment properties	7(b)	**-**	-	**28,358**	29,117
Property and equipment	8	**512,953**	460,014	**577,494**	462,753
Intangible assets	2(d) e 9	**15,264,974**	15,302,206	**28,268,970**	15,302,206
Goodwill		**14,401,628**	14,401,628	**22,338,876**	14,401,628
Software and projects		**863,346**	900,578	**5,706,709**	900,578
Contractual relations		**-**	-	**49,099**	-
Trademark		**-**	-	**174,286**	-
Total assets		**35,358,303**	30,702,935	**37,242,310**	31,155,875

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão
(Formerly BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros)

Balance sheet
June 30, 2017 and December 31, 2016
(In thousands of reais)

		B3		Consolidated	
	Note	06/30/2017	31/12/2016	06/30/2017	31/12/2016
Liabilities and equity					
Current liabilities		**2,636,477**	3,229,631	**3,907,659**	3,657,832
Collateral for transactions	17	**1,798,752**	1,653,835	**1,798,752**	1,653,835
Earnings and rights on securities in custody	10	**67,237**	52,203	**67,237**	52,203
Suppliers		**32,344**	45,388	**89,197**	45,601
Salaries and social charges		**169,065**	139,905	**281,632**	140,535
Provision for taxes and contributions payable	11	**33,871**	90,041	**54,700**	93,008
Income tax and social contribution		**52,087**	8,179	**72,352**	13,132
Interest payable on debt issued abroad	12(a)	**59,680**	58,794	**59,680**	58,794
Loans	12(b)	**241,722**	373,919	**411,160**	373,919
Debentures	12(c)	**24,069**	17,495	**540,602**	17,495
Derivative financial instruments	4(c)	**17,718**	405,971	**17,718**	405,971
Dividends and interest on equity payable		**2,478**	318,827	**2,755**	318,827
Other liabilities	13	**123,334**	65,074	**460,108**	484,512
Revenues to be allocated		**14,120**	-	**51,766**	-
Noncurrent liabilities		**8,555,244**	8,406,834	**9,157,870**	8,421,658
Debt issued abroad	12(a)	**2,022,812**	1,987,669	**2,022,812**	1,987,669
Loans	12(b)	**-**	33,949	**349,739**	33,949
Debentures	12(c)	**2,993,211**	2,991,806	**2,993,211**	2,991,806
Deferred income tax and social contribution	19	**3,109,472**	2,976,125	**3,017,981**	2,976,125
Provisions for tax, civil, labor and other contingencies	14(e)	**380,953**	356,556	**687,510**	371,380
Obligation with post-retirement health care benefits	18(d)	**22,282**	21,080	**22,282**	21,080
Other liabilities	13	**26,514**	39,649	**27,877**	39,649
Revenues to be allocated		**-**	-	**36,458**	-
Equity	15	**24,166,582**	19,066,470	**24,176,781**	19,076,385
Capital and reserves attributable shareholders of B3					
Capital		**3,198,655**	2,540,239	**3,198,655**	2,540,239
Capital reserve		**18,373,394**	14,327,523	**18,373,394**	14,327,523
Revaluation reserves		**19,310**	19,603	**19,310**	19,603
Income reserves		**2,497,828**	2,497,828	**2,497,828**	2,497,828
Treasury shares		**(225,818)**	(306,022)	**(225,818)**	(306,022)
Other comprehensive income		**(671)**	(12,701)	**(671)**	(12,701)
Retained earnings		**303,884**	-	**303,884**	-
		24,166,582	19,066,470	**24,166,582**	19,066,470
Non-controlling interests		**-**	-	**10,199**	9,915
Total liabilities and equity		**35,358,303**	30,702,935	**37,242,310**	31,155,875

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão
(Formerly BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros)

Statement of income
Quarters and periods ended June 30, 2017 and 2016
(In thousands of reais, unless otherwise stated)

		B3			
		2017		2016	
	Note	2nd quarter	Accumulated Balance	2nd quarter	Accumulated Balance
Revenues	20	**613,799**	**1,200,367**	563,550	1,116,363
Expenses		**(355,607)**	**(614,668)**	(263,597)	(459,927)
General and administrative					
Personnel and charges		**(104,316)**	**(213,529)**	(122,505)	(225,179)
Data processing		**(35,866)**	**(71,776)**	(33,844)	(69,201)
Depreciation and amortization		**(23,687)**	**(48,865)**	(23,370)	(46,787)
Third-party services		**(9,009)**	**(16,312)**	(8,292)	(15,663)
Maintenance in general		**(3,517)**	**(6,796)**	(3,383)	(6,610)
Communications		**(1,280)**	**(2,476)**	(1,101)	(2,683)
Promotion and publicity		**(2,062)**	**(5,054)**	(1,589)	(3,100)
Taxes and charges		**(1,788)**	**(3,076)**	(1,503)	(2,994)
Board and committee members' compensation		**(3,880)**	**(6,544)**	(2,516)	(4,823)
Related to combination with CETIP	21	**(144,752)**	**(190,184)**	(47,785)	(48,792)
Sundry expenses	22	**(25,450)**	**(50,056)**	(17,709)	(34,095)
Impairment of assets	9	**-**	**(65,508)**	-	-
Equity pickup	7	**(16,907)**	**(8,450)**	4,435	8,255
Financial result	23	**(45,435)**	**111,651**	(419,695)	(260,428)
Financial income		**198,016**	**595,050**	282,578	510,559
Financial expenses		**(243,451)**	**(483,399)**	(129,473)	(198,187)
Disposal of CME Group shares		**-**	**-**	(572,800)	(572,800)
Income before income taxes		**195,850**	**623,392**	(115,307)	404,263
Income tax and social contribution	19(c)	**(32,535)**	**(179,525)**	906	(179,337)
Current		**(13,166)**	**(52,629)**	(905,343)	(916,349)
Deferred		**(19,369)**	**(126,896)**	906,249	737,012
Net income for the period		**163,315**	**443,867**	(114,401)	224,926
Attributable to:					
Shareholders of B3		**163,315**	**443,867**	(114,401)	224,926

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão
(Formerly BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros)

Statement of income
Quarters and periods ended June 30, 2017 and 2016
(In thousands of reais, unless otherwise stated)

		Consolidated			
		2017		2016	
	Note	2nd quarter	Accumulated Balance	2nd quarter	Accumulated Balance
Revenues	20	**970,903**	**1,579,236**	574,474	1,137,982
Expenses		**(671,745)**	**(942,202)**	(268,786)	(470,823)
General and administrative					
Personnel and charges		**(165,462)**	**(280,743)**	(125,953)	(232,228)
Data processing		**(43,328)**	**(80,490)**	(34,329)	(70,185)
Depreciation and amortization		**(231,032)**	**(257,431)**	(23,766)	(47,580)
Third-party services		**(28,526)**	**(36,206)**	(8,580)	(16,199)
Maintenance in general		**(6,092)**	**(9,950)**	(3,801)	(7,541)
Communications		**(2,462)**	**(3,724)**	(1,125)	(2,729)
Promotion and publicity		**(4,980)**	**(8,082)**	(1,624)	(3,205)
Taxes and charges		**(2,208)**	**(3,936)**	(1,826)	(3,647)
Board and committee members' compensation		**(4,115)**	**(6,825)**	(2,516)	(4,823)
Related to combination with CETIP	21	**(145,327)**	**(190,759)**	(47,785)	(48,792)
Sundry expenses	22	**(38,213)**	**(64,056)**	(17,481)	(33,894)
Impairment of assets	9	**-**	**(65,508)**	-	-
Equity pickup	7	**482**	**493**	-	-
Financial result	23	**(58,373)**	**99,757**	(418,290)	(257,747)
Financial income		**267,034**	**667,399**	284,244	513,751
Financial expenses		**(325,407)**	**(567,642)**	(129,734)	(198,698)
Disposal of CME Group shares		**-**	**-**	(572,800)	(572,800)
Income before income taxes		**241,267**	**671,776**	(112,602)	409,412
Income tax and social contribution	19(c)	**(77,787)**	**(227,625)**	(1,541)	(184,075)
Current		**(39,627)**	**(83,123)**	(907,790)	(921,087)
Deferred		**(38,160)**	**(144,502)**	906,249	737,012
Net income for the period		**163,480**	**444,151**	(114,143)	225,337
Attributable to:					
Shareholders of B3		**163,315**	**443,867**	(114,401)	224,926
Non-controlling interests		**165**	**284**	258	411
Earnings per share attributable to shareholders of B3 (in R$ per share)	15(h)				
Basic earnings per share		**0.080135**	**0.224284**	(0.064020)	0.125874
Diluted earnings per share		**0.079746**	**0.223161**	(0.063559)	0.124972

B3 S.A. - Brasil, Bolsa, Balcão

(Formerly BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros)

Statement of comprehensive income
Quarters and periods ended June 30, 2017 and 2016
(In thousands of reais, unless otherwise stated)

B3

	Note	2017		2016	
		2nd quarter	Accumulated Balance	2nd quarter	Accumulated Balance
Net income for the period		**163,315**	**443,867**	(114,401)	224,926
Other comprehensive income to be reclassified to income for the year in subsequent periods		**(3,445)**	**12,030**	90,579	86,942
Translation adjustments					
Exchange rate variation on investment in foreign associate	7(a)	**152**	**89**	(485)	(905)
Exchange rate variation on available-for-sale financial assets, net of taxes		**8,763**	**13,456**	(30,176)	(326,114)
Transfer of exchange rate variation to income due to disposal of securities available for sale, net of taxes		**-**	**-**	272,938	272,938
		8,915	**13,545**	242,277	(54,081)
Cash flow hedge					
Amount of cash flow hedging instruments, net of taxes	4(c)	**(6,828)**	**1,282**	39,554	45,139
Amount of cash flow hedging instruments - firm commitment, net of taxes	4(d)	**1,012**	**1,791**	(3,039)	(5,877)
Exchange rate variation of cash flow hedging instrument - discontinued, net of taxes		**-**	**-**	-	95,366
Transfer of exchange rate variation to income for the period due to disposal of the hedged item, net of taxes	4(c)	**-**	**-**	(79,411)	(79,411)
Transfer to income and to non-financial assets, net of taxes	4(d)	**(318)**	**(348)**	238	(137)
Transfer to income of hedging instrument, net of taxes		**(4,083)**	**(7,498)**	(45,139)	(45,139)
Derivative financial instruments		**5,480**	**1,458**	-	-
Amount of cash flow hedged item, net of taxes		**(5,902)**	**(8,753)**	-	-
Transfer to income of cash flow hedging instrument, net of taxes		**-**	**400**	-	-
		(10,639)	**(11,668)**	(87,797)	9,941
Available-for-sale financial instruments					
Mark-to-market of available-for-sale financial assets, net of taxes		**(1,120)**	**10,735**	(219,209)	(24,211)
Transfer of mark-to-market to income due to disposal of securities available for sale, net of taxes		**-**	**-**	155,303	155,303
		(1,120)	**10,735**	(63,906)	131,092
Comprehensive income of subsidiary and associate					
Comprehensive income of subsidiary	7(a)	**(601)**	**(582)**	5	(10)
Comprehensive income of foreign associate		**-**	**-**	-	-
		(601)	**(582)**	5	(10)
Total comprehensive income for the period		**159,870**	**455,897**	(23,822)	311,868
Attributable to:		**159,870**	**455,897**	(23,822)	311,868
Shareholders of B3		**159,870**	**455,897**	(23,822)	311,868

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão

(Formerly BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros)

Statement of comprehensive income
Quarters and periods ended June 30, 2017 and 2016
(In thousands of reais, unless otherwise stated)

		Consolidated			
		2017		2016	
	Note	2nd quarter	Accumulated Balance	2nd quarter	Accumulated Balance
Net income for the period		**163,480**	**444,151**	(114,143)	225,337
Other comprehensive income to be reclassified to income for the year in subsequent periods		**(3,445)**	**12,030**	90,579	86,942
Translation adjustments					
Exchange rate variation on investment in foreign associate	7(a)	**152**	**89**	(485)	(905)
Exchange rate variation on available-for-sale financial assets, net of taxes		**8,763**	**13,456**	(30,176)	(326,114)
Transfer of exchange rate variation to income due to disposal of securities available for sale, net of taxes		**-**	**-**	272,938	272,938
		8,915	**13,545**	242,277	(54,081)
Cash flow hedge					
Amount of cash flow hedging instruments, net of taxes	4(c)	**(6,828)**	**1,282**	39,554	45,139
Amount of cash flow hedging instruments - firm commitment, net of taxes	4(d)	**1,012**	**1,791**	(3,039)	(5,877)
Exchange rate variation of cash flow hedging instrument - discontinued, net of taxes		**-**	**-**	-	95,366
Transfer of exchange rate variation to income for the period due to disposal of the hedged item, net of taxes	4(c)	**-**	**-**	(79,411)	(79,411)
Transfer to income and to non-financial assets, net of taxes	4(d)	**(318)**	**(348)**	238	(137)
Transfer to income of hedging instrument, net of taxes		**(4,083)**	**(7,498)**	(45,139)	(45,139)
Derivative financial instruments		**5,480**	**1,458**	-	-
Amount of cash flow hedged item, net of taxes		**(5,902)**	**(8,753)**	-	-
Transfer to income of cash flow hedging instrument, net of taxes		**-**	**400**	-	-
		(10,639)	**(11,668)**	(87,797)	9,941
Available-for-sale financial instruments					
Mark-to-market of available-for-sale financial assets, net of taxes		**(1,120)**	**10,735**	(219,209)	(24,211)
Transfer of mark-to-market to income due to disposal of securities available for sale, net of taxes		**-**	**-**	155,303	155,303
		(1,120)	**10,735**	(63,906)	131,092
Comprehensive income (loss) of subsidiary and associate					
Comprehensive income (loss) of subsidiary	7(a)	**(601)**	**(582)**	5	(10)
Comprehensive income of foreign associate		**-**	**-**	-	-
		(601)	**(582)**	5	(10)
Total comprehensive income for the period		**160,035**	**456,181**	(23,564)	312,279
Attributable to:		**160,035**	**456,181**	(23,564)	312,279
Shareholders of B3		**159,870**	**455,897**	(23,822)	311,868
Non-controlling interests		**165**	**284**	258	411

B3 S.A. - Brasil, Bolsa, Balcão
(Formerly BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros)

Statement of changes in equity
Period ended June 30, 2017
(In thousands of reais)

		Attributable to shareholders of B3										
					Income reserves (Note 15(e))							
	Note	Capital	Capital reserve	Revaluation reserves (Note 15(c))	Legal reserve	Statutory Reserves	Treasury Shares (Note 15(b))	Other comprehensive income	Retained earnings	Total	Non-controlling interests	Total Equity
Balances at December 31, 2016		**2,540,239**	**14,327,523**	**19,603**	**3,453**	**2,494,375**	**(306,022)**	**(12,701)**	**-**	**19,066,470**	**9,915**	**19,076,385**
Translation adjustments		**-**	**-**	**-**	**-**	**-**	**-**	**13,545**	**-**	**13,545**	**-**	**13,545**
Cash flow hedge		**-**	**-**	**-**	**-**	**-**	**-**	**(11,668)**	**-**	**(11,668)**	**-**	**(11,668)**
Available-for-sale financial instruments		**-**	**-**	**-**	**-**	**-**	**-**	**10,735**	**-**	**10,735**	**-**	**10,735**
Comprehensive income of subsidiary and associate	7	**-**	**-**	**-**	**-**	**-**	**-**	**(582)**	**-**	**(582)**	**-**	**(582)**
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**12,030**	**-**	**12,030**	**-**	**12,030**
Capital increase	15(a)	**658,416**	**4,065,664**	**-**	**-**	**-**	**-**	**-**	**-**	**4,724,080**	**-**	**4,724,080**
Realization of revaluation reserves - subsidiaries		**-**	**-**	**(293)**	**-**	**-**	**-**	**-**	**293**	**-**	**-**	**-**
Transfer of treasury shares – stock grant plan	18(a)	**-**	**(79,838)**	**-**	**-**	**-**	**79,838**	**-**	**-**	**-**	**-**	**-**
Disposal of treasury shares – exercise of stock options	18(b)	**-**	**(6)**	**-**	**-**	**-**	**366**	**-**	**-**	**360**	**-**	**360**
Recognition of stock option plan		**-**	**87**	**-**	**-**	**-**	**-**	**-**	**-**	**87**	**-**	**87**
Recognition of stock grant plan	18(a)	**-**	**59,964**	**-**	**-**	**-**	**-**	**-**	**-**	**59,964**	**-**	**59,964**
Net income for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**443,867**	**443,867**	**284**	**444,151**
Allocations of profit: Interest on Equity (IOE)	15(g)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(140,276)**	**(140,276)**	**-**	**(140,276)**
Balances at June 30, 2017		**3,198,655**	**18,373,394**	**19,310**	**3,453**	**2,494,375**	**(225,818)**	**(671)**	**303,884**	**24,166,582**	**10,199**	**24,176,781**

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão
(Formerly BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros)

Statement of changes in equity
Period ended June 30, 2016
(In thousands of reais)

		Attributable to shareholders of B3										
					Income reserves (Note 15(e))							
	Note	Capital	Capital reserve	Revaluation reserves (Note 15(c))	Legal reserve	Statutory reserves	Treasury shares (Note 15(b))	Other comprehensive income	Retained earnings	Total	Non-controlling interests	Total equity
Balances at December 31, 2015		2,540,239	14,300,310	20,188	3,453	1,947,527	(365,235)	(104,383)	-	18,342,099	10,114	18,352,213
Translation adjustments		-	-	-	-	-	-	(54,081)	-	(54,081)	-	(54,081)
Hedge of net foreign investment		-	-	-	-	-	-	-	-	-	-	-
Cash flow hedge		-	-	-	-	-	-	9,941	-	9,941	-	9,941
Available-for-sale financial instruments		-	-	-	-	-	-	131,092	-	131,092	-	131,092
Comprehensive income of subsidiary and associate		-	-	-	-	-	-	(10)	-	(10)	-	(10)
Total comprehensive income		-	-	-	-	-	-	86,942	-	86,942	-	86,942
Realization of revaluation reserves - subsidiaries		-	-	(293)	-	-	-	-	293	-	-	-
Transfer of treasury shares – stock grant plan	18(a)	-	(58,774)	-	-	-	58,774	-	-	-	-	-
Recognition of stock option plan		-	133	-	-	-	-	-	-	133	-	133
Recognition of stock grant plan	18(a)	-	31,641	-	-	-	-	-	-	31,641	-	31,641
Net income for the period		-	-	-	-	-	-	-	224,926	224,926	441	225,337
Allocations of profit: Interest on Equity (IOE)									(169,663)	(169,663)	-	(169,663)
Balance at June 30, 2016		2,540,239	14,273,310	19,895	3,453	1,947,527	(306,461)	(17,441)	55,556	18,516,078	10,525	18,526,603

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão

(Formerly BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros)

Cash flow statement
Periods ended June 30, 2017 and 2016
(In thousands of reais)

		B3		Consolidated	
	Note	Accumulated 2017	Accumulated 2016	Accumulated 2017	Accumulated 2016
Cash flow from operating activities					
Net income for the period		**443,867**	224,926	**444,151**	225,337
Adjustments:					
Depreciation/amortization	8 e 9	**48,865**	46,787	**257,431**	47,580
Gain (loss) on sale of property and equipment		**814**	60	**814**	60
Write-off of software and projects		**-**	-	**600**	-
Gain on disposal of investments		**-**	460,509	**-**	460,509
Impairment of assets	9	**65,508**	-	**65,508**	-
Deferred income tax and social contribution		**126,896**	(737,012)	**144,502**	(737,012)
Equity pickup	7(a)	**8,450**	(8,255)	**(493)**	-
Variation in non-controlling interest		**-**	-	**(492)**	(915)
Stock option and stock option plan expenses	18	**60,051**	31,774	**60,051**	31,774
Interest expenses	23	**248,065**	68,324	**289,415**	68,324
Provision for tax, civil and labor contingencies		**24,829**	8,118	**33,942**	8,890
Allowance for doubtful accounts		**387**	1,017	**419**	1,017
Derivative financial instruments – swap		**57,255**	296,886	**57,255**	296,886
Exchange rate variation on fundraising – hedge		**30,049**	(246,782)	**30,049**	(246,782)
Exchange rate variation – fundraising		**218**	(34,065)	**218**	(34,065)
Marked-to-market of fundraising		**4,443**	9,341	**4,443**	9,341
Marked-to-market of Non-deliverable Forwards (NDF)		**9,517**	-	**9,517**	-
Other		**-**	-	**(6,670)**	-
Adjusted net income		**1,129,214**	121,628	**1,390,660**	130,944
Variation in financial investments, marketable securities and collateral for transactions		**8,838,426**	(5,137,404)	**8,965,796**	(5,221,421)
Effect of exchange rate variation on cash flow hedge		**(8,570)**	(9,112)	**(8,570)**	(9,112)
Variation in taxes to be offset and recoverable		**(215,698)**	9,147	**(203,731)**	9,139
Variation in accounts receivable		**(9,679)**	(14,857)	**(2,380)**	(14,844)
Variation in other receivables		**(33,848)**	9,112	**(38,154)**	3,202
Variation in prepaid expenses		**11,668**	(9,443)	**13,710**	(9,685)
Variation in judicial deposits		**(11,610)**	(9,363)	**(15,401)**	(9,399)
Variation in earnings and rights on securities in custody		**15,035**	1,957	**15,034**	1,957
Variation in suppliers		**(13,044)**	(6,979)	**(75,764)**	(6,844)
Variation in provisions for income taxes and social contributions payable		**(56,170)**	4,912	**(68,649)**	4,579
Variation in income tax and social contribution		**43,908**	816,060	**45,615**	815,898
Variation in salaries and social charges		**29,160**	9,801	**(223,476)**	9,769
Variation in other liabilities		**(8,251,543)**	(14,206)	**(8,334,511)**	65,285
Variation in revenues to be allocated		**14,120**	-	**14,939**	-
Variation in provision for tax, civil, and labor contingencies		**(432)**	(954)	**1,108**	(974)
Variation in post-retirement health care benefits		**1,201**	1,630	**1,201**	1,630
Net cash from (used in) operating activities		**1,482,138**	(4,228,071)	**1,477,427**	(4,229,876)
Cash flow from investing activities					
Amount received for disposal of property and equipment		**374**	629	**645**	829
Payment for purchase of property and equipment		**(71,234)**	(18,728)	**(71,332)**	(18,728)
Dividends received		**-**	135,280	**-**	135,280
Settlement of derivative financial instruments		**(513,743)**	68,392	**(513,743)**	68,392
Variation in other investments		**(7,910)**	-	**(7,910)**	-
Disposal of investments - CME		**-**	4,309,172	**-**	4,309,172
Purchase of software and projects	9	**(60,034)**	(80,993)	**(66,509)**	(80,993)
Cash effect - acquisition of subsidiary		**-**	-	**3,829**	-
Net cash from (used in) investing activities		**(652,547)**	4,413,752	**(655,020)**	4,413,952
Cash flow from financing activities					
Disposal of treasury shares - stock options exercised	18(b)	**360**	-	**360**	-
Interest paid on loans amortized	12	**(402,971)**	(78,929)	**(405,940)**	(78,929)
Payment of dividends and interest on equity		**(456,625)**	(169,663)	**(457,721)**	(169,663)
Net cash used in financing activities		**(859,236)**	(248,592)	**(863,301)**	(248,592)
Net increase (decrease) in cash and cash equivalents		**(29,645)**	(62,911)	**(40,894)**	(64,516)
Balance of cash and cash equivalents at beginning of period	4(a)	**169,023**	275,365	**156,169**	265,129
Balance of cash and cash equivalents at end of period	4(a)	**139,378**	212,454	**115,275**	200,613

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão

(Formerly BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros)

Statement of value added
Periods ended June 30, 2017 and 2016
(In thousands of reais)

		B3		Consolidated	
	Note	Accumulated 2017	Accumulated 2016	Accumulated 2017	Accumulated 2016
1 - Revenues	20	**1,338,510**	1,240,137	**1,755,707**	1,263,238
Trading, clearance and settlement system		**1,078,619**	1,013,137	**1,472,409**	1,013,124
Other revenues		**259,891**	227,000	**283,298**	250,114
2 - Goods and services acquired from third parties		**408,162**	180,144	**458,775**	182,545
Expenses (a)		**342,654**	180,144	**393,267**	182,545
Impairment of assets	9	**65,508**	-	**65,508**	-
3 - Gross value added (1-2)		**930,348**	1,059,993	**1,296,932**	1,080,693
4 - Retentions		**48,865**	46,787	**257,431**	47,580
Depreciation and amortization	8 and 9	**48,865**	46,787	**257,431**	47,580
5 - Net value added produced by the Company (3-4)		**881,483**	1,013,206	**1,039,501**	1,033,113
6 - Value added received in transfer		**586,600**	518,814	**667,892**	513,751
Equity pickup	7(a)	**(8,450)**	8,255	**493**	-
Financial income	23	**595,050**	510,559	**667,399**	513,751
7 - Total value added to be distributed (5+6)		**1,468,083**	1,532,020	**1,707,393**	1,546,864
8 - Distribution of value added		**1,468,083**	1,532,020	**1,707,393**	1,546,864
Personnel and charges		**213,529**	225,179	**280,743**	232,228
Board and committee members' compensation		**6,544**	4,823	**6,825**	4,823
Taxes, charges and contributions (b)					
Federal		**300,289**	288,953	**386,974**	295,391
Municipal		**20,455**	17,152	**21,058**	17,587
Financial expenses	23	**483,399**	198,187	**567,642**	198,698
Disposal of CME Group shares		**-**	572,800	**-**	572,800
Interest on equity and dividends	15(g)	**140,276**	169,663	**140,276**	169,663
Retained net income for the period		**303,591**	55,263	**303,875**	55,674

(a) Expenses (excludes personnel, board and committee members' compensation, depreciation, taxes and charges).
(b) Includes: taxes and charges, Contribution Taxes on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS), Service Tax (ISS), current and deferred income tax and social contribution (IRPJ and CSLL).

See accompanying notes.

1. Operations

B3 S.A. - Brasil, Bolsa, Balcão (B3) is a publicly-traded corporation headquartered in the city of São Paulo.

At the Special General Meeting held on May 10, 2017, the shareholders approved the change of the corporate name of BM&FBOVESPA S.A. - Bolsa de Valores, Mercadoria e Futuros to B3 S.A. - Brasil, Bolsa, Balcão.

B3 organizes, develops and provides for the operation of free and open securities markets, for spot and future settlement. Its activities are carried out through its trading systems and clearinghouses, and include transactions with securities, interbank foreign exchange and securities under custody in the Special System for Settlement and Custody (SELIC).

On March 29, 2017, B3 concluded the business combination described in Note 2(d) and became the parent company of CETIP S.A. - Mercados Organizados, a company that offers registration, central securities depository, trading and settlement services for assets and securities, besides providing electronic solutions for the delivery of information required for the registration of contracts and financial liens by transit agencies.

2. Preparation and presentation of quarterly information

This quarterly information was approved by the Board of Directors of B3 on August 11, 2017.

The quarterly information was prepared and is presented in accordance with accounting practices adopted in Brazil. In addition, the quarterly information contains the minimum disclosure requirements prescribed by CPC 21 (R1) - Interim Financial Reporting, as well as other information considered relevant. This information does not include all requirements for annual financial statements and, therefore, should be read in conjunction with the individual and consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and accounting practices adopted in Brazil, issued by the Brazilian Financial Accounting Standards Board - FASB (CPC), and approved by the Brazilian Securities and Exchange Commission (CVM), for the year ended December 31, 2016. Accordingly, this quarterly information at June 30, 2017 was not subject to full reporting, by reason of redundancy in relation to information already presented in the annual financial statements, and as provided for in the CVM/SNC/SEP Circular Letter No. 003/2011.

The preparation of quarterly information requires the use of critical accounting estimates and also the exercise of judgment by management in the process of applying the accounting policies of B3. No changes have been recorded in assumptions and judgments by B3 management in using such estimates for preparing this quarterly information, in relation to those applied in the financial statements at December 31, 2016, as disclosed on February 17, 2017.

2. Preparation and presentation of quarterly information (Continued)

All significant information used by Management in managing B3 is evidenced in these Financial Statements according to Technical Guidelines OCPC 07.

a) Consolidated quarterly information

The consolidated quarterly information includes the balances of B3 and its subsidiaries, as well as special purpose entities comprising investment funds, as follows:

	Interest %	
Direct subsidiaries and controlled entities	**6/30/2017**	**12/31/2016**
Banco BM&FBOVESPA de Serviços de Liquidação e Custódia S.A. ("Banco BM&FBOVESPA")	**100.00**	100.00
Bolsa de Valores do Rio de Janeiro – BVRJ ("BVRJ")	**86.95**	86.95
BM&F (USA) Inc.	**100.00**	100.00
BM&FBOVESPA (UK) Ltd.	**100.00**	100.00
BM&FBOVESPA BRV LLC	**100.00**	100.00
Companhia São José Holding	**-**	100.00
CETIP S.A. - Mercados Organizados;	**100.00**	-
B3 Inova USA LLC	**100.00**	-
Indirect subsidiaries and controlled entities		
CETIP Info Tecnologia S.A.	**100.00**	-
CETIP Lux S.à.r.l.	**100.00**	-
Exclusive investment funds		
Bradesco Fundo de Investimento Renda Fixa Letters		
BB Pau Brasil Fundo de Investimento Renda Fixa		
Bradesco Fundo de Investimento Renda Fixa Longo Prazo Eucalipto		
Imbuia FI Renda Fixa Referenciado DI		

b) Individual quarterly information

In the individual quarterly information (B3), subsidiaries are recorded using the equity method. The same adjustments are made to both individual and consolidated quarterly information so as to reach the same P&L and equity attributable to shareholders of the parent company.

c) Functional currency

The individual and consolidated financial statements were prepared and are presented in Brazilian reais, which is the functional currency of B3.

2. Preparation and presentation of quarterly information (Continued)

d) Business combination

CETIP S.A. - Mercados Organizados

As disclosed in the material fact release of April 15, 2016, the Board of Directors of B3, of Companhia São José Holding ("Holding Company") and of CETIP S.A. - Mercados Organizados ("CETIP") entered into a Merger and Justification Agreement for the purposes of the corporate reorganization process described below: (a) absorption of the shares issued by CETIP by the Holding Company, whose total of the shares is the property of B3, and (b) the subsequent merger of the Holding Company by B3. At the extraordinary general shareholders meeting held on May 20, 2016, the corporate reorganization process was approved by the respective shareholders.

The transaction was finalized on March 29, 2017 (acquisition date), five business days after approval was granted by the relevant government entities (Brazilian Antitrust Enforcement Agency - CADE, Brazilian SEC - CVM and Central Bank of Brazil - BACEN) on March 22, 2017 and, as stipulated in the Rationale for the Merger, 100% of the shares issued by CETIP were merged into the Holding company. As such, the Holding company issued, in favor of CETIP shareholders, common and preferred shares; for each CETIP-issued common share, one redeemable common share and 3 preferred shares were given. Subsequently, CETIP shareholders received:

(i) 0.93849080 of a common share issued by the Company for each common share in the Holding it holds (which corresponds to 0.93849080 common shares issued by the Company for each CETIP share then held by CETIP's shareholders); and

(ii) the amount of R$31.89315588 for the redemption of 3 preferred shares issued by the Holding held by CETIP's Shareholders (which equals R$ 31.89315588 for each share issued by CETIP then held by CETIP's shareholders).

2. Preparation and presentation of quarterly information (Continued)

d) Business combinations (Continued)

CETIP S.A. - Mercados Organizados (Continued)

A summary of the acquisition price is as follows:

Consideration in cash paid through redemption of preferred shares in the Holding	8,296,668
Issue and exchange of shares at fair value (i)	4,724,080
Total consideration	**13,020,748**

(i) B3 issued 244,138,490 common shares issued as consideration (payment) and the fair value of the shares corresponds to the published closing price at the date of acquisition

The corporate restructuring was intended to create a world-class market infrastructure company of major systemic relevance, prepared to compete in a global market that is increasingly more sophisticated and challenging, enhancing the security, resilience and efficiency of the Brazilian market.

Integration of the companies' activities will significantly strengthen the combined entity's business model and broaden its revenue diversification, while enabling financial institutions, custodians, registrars, asset managers and brokerage houses to consolidate their treasury and back-office systems, significantly reducing costs and operational risks throughout the financial system, as well as gaining efficiency in interactions with the supervisory authorities for the financial and capital markets.

In light of the companies' complementarity, their combination will bring gains for customers, market participants, investors, and companies that require funding to invest or financial instruments to manage their risks. The business combination shall also bring enhanced capital efficiency for customers, given the possibility of using over-the-counter and exchange-traded derivatives as well as other marketable securities and financial assets in a single central counterparty.

2. Preparation and presentation of quarterly information (Continued)

d) Business combinations (Continued)

Net identifiable assets acquired and goodwill

The difference between the consideration transferred in exchange for control of CETIP and its net assets at fair value resulted in the recognition of goodwill for expected future profitability and intangible assets.

The allocation of the amount paid/ consideration was based on a preliminary assessment of the fair value of the net assets acquired from CETIP on March 29, 2017, subsequentely reviewed by management and independent consultants in this quarter.

The fair value of the identifiable assets acquired and liabilities assumed in the business combination were estimated using the discounted cash flow projection method and replacement cost. The fair value estimates using the discounted cash flow method were based on a discount rate of 14.24%. The portion of non-identifiable net assets of this business combination has been allocated as goodwill.

The purchase price allocated is as follows:

2. Preparation and presentation of quarterly information (Continued)

d) Business combinations (Continued)

Net identifiable assets acquired and goodwill (Continued)

Base date 3/29/2017

Purchase price allocation (100%)	ITR 3/31/2017	PPA Adjustments	ITR 6/30/2017
a) Acquisition price (100%)	**13,020,748**	**-**	**13,020,748**
b) CETIP Equity	**1,481,520**	**-**	**1,481,520**
c) Plus (less) goodwill on tangible assets	**43,207**	**(16,152)**	**27,055**
Investment in affiliate	8,809	-	8,809
Revenues to be allocated	9,701	(9,701)	-
Property and equipment	29,545	(8,718)	20,827
Deferred tax asset (CETIP Info)	11,448	-	11,448
Deferred tax liability	(5,280)	2,285	(2,995)
Deferred tax liability (CETIP Info)	(11,016)	(18)	(11,034)
d) Intangible assets	**3,577,636**	**(2,711)**	**3,574,925**
Write-off of historic goodwill	(1,221,044)	-	(1,221,044)
Write-off of deferred income and social contribution taxes on historic goodwill	323,375	-	323,375
Write-off of intangible assets	(602,769)	32,401	(570,368)
Write-off of intangible assets (CETIP Info)	(1,270)	(32,401)	(33,671)
Goodwill on intangible assets (i)	4,889,213	(35,163)	4,854,050
Goodwill on intangible assets (CETIP Info) (i)	-	32,452	32,452
Trademark	190,131	-	190,131
a-b-c-d = Goodwill	**7,918,385**	**18,863**	**7,937,248**

(i) Basically refers to platforms that process the registration of custody over marketable securities traded as well as registering vehicle financing realized in Brazil.

Goodwill amounting to R$7,937,248 represents the future economic benefits expected to flow from the combination of the operations. Estimated goodwill for tax deduction purposes after the merger is approximately 7 billion reais.

2. Preparation and presentation of quarterly information (Continued)

d) Business combinations (Continued)

Net identifiable assets acquired and goodwill (Continued)

CETIP's net assets and liabilities at fair value that impacted on the consolidated financial statements are as follows.

CETIP S.A. - Mercados Organizados Preliminary fair value	Consolidated 03/29/2017	Write-off of intangible assets	Fair value measurement	Deferred taxes	Total
Assets					
Current assets	**1,043,113**	-	-	-	1,043,113
Noncurrent assets	**2,395,337**	(1,825,083)	5,106,269	109,937	5,786,460
Long-term receivables	**331,311**	-	-	109,937	441,248
Financial investment - non restricted and restricted	**300,564**	-	-	-	300,564
Deferred taxes	**-**	-	-	109,937	109,937
Other long-term receivables	**30,747**	-	-	-	30,747
Investments	**7,721**	-	8,809	-	16,530
Investments in affiliate	**7,401**	-	8,809	-	16,210
Other investments	**320**	-	-	-	320
Property and equipment	**44,761**	-	20,827	-	65,588
Intangible assets	**2,011,544**	(1,825,083)	5,076,633	-	5,263,094
Historic goodwill	**1,221,044**	(1,221,044)	-	-	-
Software and projects	**174,646**	-	4,847,256	-	5,021,902
Trademark	**-**	-	190,131	-	190,131
Contractual relationships	**603,888**	(603,888)	-	-	-
Other	**11,966**	(151)	39,246	-	51,061
Total assets	**3,438,450**	(1,825,083)	5,106,269	109,937	6,829,573
Liabilities		-	-		
Current liabilities	**1,230,442**	-	-	-	1,230,442
Noncurrent liabilities	**726,488**	-	-	(210,857)	515,631
Suppliers	**1,330**	-	-	-	1,330
Deferred income and social contribution taxes	**210,857**	-	-	(210,857)	-
Provision for contingencies and legal obligations	**149,725**	-	-	-	149,725
Loans and lease obligations	**328,985**	-	-	-	328,985
Income to be allocated	**35,591**	-	-	-	35,591
Net assets and liabilities:	**1,481,520**	(1,825,083)	5,106,269	320,794	5,083,500
Consideration transferred (payment)					13,020,748
Goodwill					7,937,248

3. Significant accounting practices

The accounting practices and calculation methods used in the preparation of this quarterly information are the same ones as those adopted in preparing the financial statements for the year ended December 31, 2016, except for the items described below:

a) Revenue recognition

Revenue includes the amount of the consideration received or receivable for the provision of services in the usual conduct of its activities.

Revenues from the rendering of services and from trading and settlement systems, the registration of assets, derivatives or financing agreements are recognized upon the completion of the transactions, under the accrual method of accounting. The amounts received as annual fees, as in the cases of listing of securities and certain contracts for sale of market information, revenue from the inclusion of financial restrictions, permanent assets and of monthly use are recognized proportionally in P&L in relation to the service provision term.

b) Financial instruments

i) Classification and measurement

Financial assets and liabilities are classified on initial recognition depending on their characteristics and purpose of acquisition.

Cash and cash equivalents

The balances of cash and cash equivalents for cash flow statement purposes include cash on hand, bank deposits and short-term investments (within three months of the contractual date), that are high liquid and pose an insignificant risk of change in value.

3. Significant accounting practices (Continued)

c) Prepaid expenses

Represented by agreements entered into with suppliers stemming from installments for various prepaid services. The expenses are allocated to income in accordance with the term of each agreement and to the extent that the services are received.

d) Employee benefits

i) Pension obligations

B3 and CETIP maintain a defined contribution retirement plan with voluntary participation open to all employees. B3 and CETIP have no obligation to make additional payments as sponsors. The regular contributions are included in personnel costs in the period they are due.

ii) Share-based remuneration

B3 maintains a long-term remuneration plan. By 2014, B3 had granted stock options under the “Stock Option Plan” and there is an inventory of outstanding shares not yet exercised therefrom. From 2015 onwards, B3 started to grant shares under the “Stock Grant Plan”. The objective is to give the employees of B3 and its subsidiaries the opportunity to become shareholders of B3, obtaining a greater alignment between its interests and the shareholders’ interests as well as allow B3 and its subsidiaries to attract and retain their management and employees. The fair value of options and of options granted is recognized as an expense during the vesting period (the period during which the specific vesting conditions must be met). At the balance sheet date, B3 reviews its estimates of the number of options and shares that will vest based on the established conditions. B3 recognizes the impact of any changes to the original estimates, if any, in the income statement, against a capital reserve in equity.

3. Significant accounting practices (Continued)

d) Employee benefits (Continued)

ii) Share-based remuneration (Continued)

In the case of remuneration programs based on cash settled options, the fair value to be paid to executives is recognized as an expense with a corresponding increase in the liabilities for the period during which executives acquire the right to payment. The liability is measured again at each balance sheet date and on the settlement date. Any changes in the fair value of the liability are recognized as Personnel expenses in the income statement.

iii) Profit sharing

B3 and CETIP have semi-annual and annual variable remuneration, respectively, organized and paid in cash through the Profit Sharing Program. The program defines the potential multiple of monthly salary, based on individual performance indicators, which consider factors specific to each function (job level), and indicators of the overall performance of B3. The provision for such profit sharing program is recognized in P&L under the accrual method of accounting.

iv) Other post-employment obligations

B3 offers post-retirement health care benefit to the employees who have acquired this right up to May 2009. The right to this benefit is conditional on the employee remaining with the Company until the retirement age and completing a minimum service period. The expected costs of these benefits are accumulated over the period of employment or the period in which the benefit is expected to be earned, using the actuarial methodology which considers life expectancy of the group in question, increase in costs due to the age and medical inflation, inflation and discount rate. The contributions that participants make according to the specific rule of the Health Care Plan are deducted from these costs. The actuarial gains and losses on the health care plan for retirees are recognized in the income statement in accordance with the rules of IAS 19 and CPC 33 (R1) - Employee Benefits, based on actuarial calculation prepared by an independent actuary, according to Note 18(d).

3. Significant accounting practices (Continued)

e) Business combination

B3 records a business combination using the acquisition method and recognizes the transaction as follows:

- The cost of the acquisition is recognized at fair value on the acquisition date by total asset acquired, liabilities incurred or assumed and equity instruments issued if;

- The identifiable assets acquired or liabilities assumed are recognized in the consolidated financial statements measured at fair value on the acquisition date. Any excess paid on this amount is recognized as goodwill given the expectation of future profitability. When the acquisition cost is lower that the fair value of acquired net assets it is considered as negative goodwill and a gain is recognized in income;

- Costs directly attributable to the acquisition are recorded as expenses when incurred.

4. Cash and cash equivalents, financial investments, marketable securities and derivative financial instruments

a) Cash and cash equivalents

	B3		Consolidated	
Description	**06/30/2017**	**12/31/2016**	**06/30/2017**	**12/31/2016**
Cash and bank deposits in local currency	**29,822**	14,528	**876**	256
Bank deposits in foreign currency	**109,556**	154,495	**114,284**	155,913
Bank deposit certificate	**-**	-	**115**	-
Cash and cash equivalents	**139,378**	169,023	**115,275**	156,169
Bank deposits in foreign currency - third party funds (1)	**198,492**	162,955	**198,492**	162,955
Total cash and cash equivalents	**337,870**	331,978	**313,767**	319,124

(1) Third-party funds restricted to full settlement of the exchange transaction (Exchange Clearing).

Cash and cash equivalents are held with top-tier financial institutions in Brazil or abroad. Deposits in foreign currency are primarily in US dollars and Euros.

4. Cash and cash equivalents, financial investments, marketable securities and derivative financial instruments (Continued)

b) Financial investments and marketable securities

The breakdown of financial investments and marketable securities by category, nature and maturity is as follows:

						B3
Description	**No maturity**	**Within 3 months**	**Between 3 and 12 months**	**Between 12 months and 5 years**	**06/30/2017**	**12/31/2016**
Financial assets measured at fair value through profit or loss						
Financial investment fund (1)	3,569,066	-	-	-	**3,569,066**	12,054,936
Government securities						
Financial Treasury Bills	-	175,146	26,832	1,189,853	**1,391,831**	1,685,228
National Treasury Bills	-	-	19	-	**19**	18
Other investments (3)	13,185	-	-	-	**13,185**	12,047
	3,582,251	175,146	26,851	1,189,853	**4,974,101**	13,752,229
Financial assets available for sale						
Shares (5)	277,321	-	-	-	**277,321**	191,586
	277,321	-	-	-	**277,321**	191,586
Total financial investments and marketable securities	3,859,572	175,146	26,851	1,189,853	**5,251,422**	13,943,815
Current					**4,061,569**	12,426,337
Noncurrent					**1,189,853**	1,517,478

4. Cash and cash equivalents, financial investments, marketable securities and derivative financial instruments (Continued)

b) Financial investments and marketable securities (Continued)

							Consolidated
Description	**No maturity**	**Within 3 months**	**Between 3 and 12 months**	**Between 12 months and 5 years**	**Over 5 years**	**06/30/2017**	**12/31/2016**
Financial assets measured at fair value through profit or loss							
Financial investment fund (4)	1,337,792	-	-	-	-	**1,337,792**	3,293,533
Interest-bearing account - foreign deposits	1,306	-	-	-	-	**1,306**	1,226
Repurchase agreements (2)	3,419	1,626,232	14,156	-	-	**1,643,807**	7,079,331
Government securities							
Financial Treasury Bills	-	177,778	58,961	2,541,668	116,024	**2,894,431**	3,856,284
National Treasury Bills	-	-	19	-	-	**19**	18
Other investments (3)	13,187	-	-	-	-	**13,187**	12,049
	1,355,704	1,804,010	73,136	2,541,668	116,024	**5,890,542**	14,242,441
Financial assets available for sale							
Government securities							
Financial Treasury Bills	-	85,352	57,955	167,306	43,438	**354,051**	94,301
National Treasury Bills	-	-	330	149,316	-	**149,646**	87
National Treasury Notes	-	-	-	157,724	13	**157,737**	42
Shares (5)	277,321					**277,321**	191,586
Other	7,910	-	-	-	-	**7,910**	-
	285,231	85,352	58,285	474,346	43,451	**946,665**	286,016
Total financial investments and marketable securities	1,640,935	1,889,362	131,421	3,016,014	159,475	**6,837,207**	14,528,457
Current						**3,661,718**	10,964,214
Noncurrent						**3,175,489**	3,564,243

(1) Refers to investments in financial investment funds, whose portfolios mainly comprise investments in federal government securities and government-bond-backed repurchase agreements that have the CDI (Interbank Deposit Certificate rate) as their profitability benchmark. The consolidated balances of investment funds are presented according to the nature and maturity of the portfolio.

The net assets of the main investment funds included in the consolidation process of the quarterly information are: (i) Bradesco FI Renda Fixa Letters – R$757,632 (R$4,580,778 at December 31, 2016); (ii) BB Pau Brasil FI Renda Fixa - R$634,272 (R$2,307,655 at December 31, 2016); (iii) Bradesco FI Renda Fixa Longo Prazo Eucalipto – R$1,042,133 (R$1,661,262 at December 31, 2016); and (iv) Imbuia FI Renda Referenciado DI – R$221,768 (R$211,708 at December 31, 2016).

4. Cash and cash equivalents, financial investments, marketable securities and derivative financial instruments (Continued)

b) Financial investments and marketable securities (Continued)

(2) Issued by top-tier banks and backed by government securities.

(3) Refers mainly to investments in gold.

(4) The primary non-exclusive investment funds are: (i) Bradesco Empresas FICFI Referenciado DI Federal, amounting to R$11,846 (R$24,225 at December 31, 2016); (ii) Araucária Renda Fixa FI - R$351,448 (R$1,509,559 at December 31, 2016); and (iii) Santander Fundo de Investimento Cedro Renda Fixa - R$974,498 (R$1,759,749 December 31, 2016).

(5) These basically refer to shares of Bolsa de Comércio de Santigo amounting to R$37,697 (R$44,231 at December 31, 2016), Bolsa Mexicana de Valores - R$139,764 (R$103,785 at December 31, 2016) and Bolsa de Valores de Colombia - R$49,587 (R$43,565 at December 31, 2016) and the Bolsa de Valores de Lima - R$50,268 acquired by B3 within its strategy to explore opportunities of partnerships with other stock exchanges, classified as available for sale.

The government securities are held in the custody of the Special System for Settlement and Custody (SELIC); the investment fund shares are held in the custody of their respective administrators; the shares are in the custody of B3's Equity and Corporate Debt Clearinghouse; the Bolsa de Comércio de Santiago, Bolsa Mexicana de Valores, Bolsa de Valores de Lima and Bolsa de Valores de Colombia shares are in the custody of BTG Pactual Chile, Mexico, Peru and Colombia, respectively.

There was no reclassification of financial instruments between categories in the period.

Management periodically monitors its outstanding positions and possible risks of impairment of its financial assets. Therefore, based on the nature of these assets, B3 has no significant impairment history.

The carrying amount of financial assets is reduced directly for impairment impacting P&L for the period. Subsequent recoveries of amounts previously written off are recognized in P&L for the period.

4. Cash and cash equivalents, financial investments, marketable securities and derivative financial instruments (Continued)

c) Derivative financial instruments
Fair value hierarchy

Financial assets and liabilities measured at fair value of B3 are recognized at quoted prices (unadjusted) in active market (Level 1), except for derivative financial instruments together with the principal of the debt issued abroad due to hedge accounting and for Bolsa de Comércio de Santiago shares, classified as Level 3. Trade accounts receivable and payable approximate their book value given their short-term maturities, and the fair values of related parties equal their book values.

For the Bolsa de Comércio de Santiago, classified as available for sale, was adopted the profitability method, based on the focus on future dividend flow discounted to present value, being tested periodically so its book value will not exceed its fair value. Future dividend flow was projected considering a five-year explicit flow and its main assumptions were: (i) history of dividend payment by Bolsa de Comércio de Santiago, (ii) interest held by B3 and (iii) perpetuity, which was determined by extrapolating the cash flow at a growth rate equivalent to that expected for the Chilean nominal GDP in the long term.

	Bolsa de Comércio de Santiago Shares
Balance at 12/31/2016	44,231
Fair value adjustment	(7,891)
Exchange rate variation	1,357
Balance at 06/30/2017	**37,697**

4. Cash and cash equivalents, financial investments, marketable securities and derivative financial instruments (Continued)

c) Derivative financial instruments (Continued)

Classification of financial instruments

	B3		Consolidated	
Financial assets	**06/30/2017**	**12/31/2016**	**06/30/2017**	**12/31/2016**
Measured at fair value through profit or loss				
Financial investments and marketable securities	**4,974,101**	13,752,229	**5,898,452**	14,242,441
Designated as hedge				
Derivative financial instruments	**53,265**	5,600	**53,265**	5,600
Available for sale				
Financial investments and marketable securities	**-**	-	**661,434**	94,430
Shares	**277,321**	191,586	**277,321**	191,586
Receivables				
Accounts receivable	**100,188**	90,896	**237,935**	91,645
Related parties	**24,797**	6,038	**119**	294
Total assets	**5,429,672**	14,046,349	**7,128,526**	14,625,996
Financial liabilities				
Liabilities measured at amortized cost				
Interest payable on debt issued abroad	**59,680**	58,794	**59,680**	58,794
Loans	**241,722**	407,868	**760,899**	407,868
Debentures	**3,017,280**	3,009,301	**3,533,813**	3,009,301
Measured at fair value through profit or loss				
Collaterals for transactions	**1,798,752**	1,653,835	**1,798,752**	1,653,835
Suppliers	**32,344**	45,388	**89,197**	45,601
Related parties	**453**	324	**223**	257
Designated as hedge				
Debt issued abroad	**2,022,812**	1,987,669	**2,022,812**	1,987,669
Derivative financial instruments	**17,718**	405,971	**17,718**	405,971
Total liabilities	**7,190,761**	7,569,150	**8,283,094**	7,569,296

4. Cash and cash equivalents, financial investments, marketable securities and derivative financial instruments (Continued)

c) Derivative financial instruments (Continued)

Derivative financial instruments

Risk factor - currency

B3 took out derivative financial instruments to hedge against the risk of exchange rate fluctuations. In 2016, there were hedging contracts for the total principal of foreign debt, part of half-yearly interest and for approximately 80% of the position in Mexican pesos regarding the Bolsa Mexicana de Valores shares.

B3's exposure to currency risk stems from its investment in its foreign subsidiaries and loans in US Dollars. Management adopts a policy of managing currency risk associated with these positions, where the main purpose is not to allow significant impacts on P&L arising from fluctuations in exchange rates. Except for the position of CETIP, the hedge accounting is adopted by B3 for these financial instruments.

At June 30, 2017, CETIP's foreign exchange exposure in the investment in CETIP Lux S.à.r.l. (subsidiary abroad) is R$499,254.

	CETIP	Consolidated
Assets		
Investment in foreign subsidiary	1,064,208	-
		-
Total assets	**1,064,208**	**-**
Liabilities		
Intercompany loans and loan taken out by subsidiary, Cetip Lux (principal)	(1,574,416)	(499,254)
Total liabilities	(1,574,416)	(499,254)
Net currency position	**(510,208)**	**(499,254)**

4. Cash and cash equivalents, financial investments, marketable securities and derivative financial instruments (Continued)

c) Derivative financial instruments (Continued)

Fair value hedge

In March 2016, B3 entered into swap transactions with a first-tier financial institution to hedge against impacts from the exchange rate variation related to the principal of debt securities issued abroad in 2010 (Note 12), due to the discontinuance of the cash flow hedge previously adopted.

B3 adopted the fair value hedge accounting for accounting records. Accordingly, both the hedged loan principal and the hedging instrument (swap) are measured at fair value against P&L, thus hedging P&L from the impacts of exchange rate variation.

In March 2017 B3 entered into forward swap transactions with a first-tier financial institution to provide a rolling hedge for Senior Unsecured Notes. Contracted operations began in April 2017 and will mature in April 2018 and July 2020.

At June 30, 2017, the consolidated amounts of swap transaction measured at fair value are the following:

							B3 and Consolidated
Financial instrument	**Assets/ Liabilities**	**Reference value**	**Maturity of transaction**	**Average interest**	**Curve value**	**Fair value adjustment**	**Book balance**
Swap	Assets	US$262,000		-	866,748	(2,370)	864,378
	Liability	R$830,121	04/02/2018	76.72% of CDI	(846,002)	-	(846,002)
					20,746	**(2,370)**	**18,376**
Swap	Assets	US$350,000		-	1,157,870	4,526	1,162,396
	Liability	R$1,108,940	07/16/2020	67.22% of CDI	(1,127,507)	-	(1,127,507)
					30,363	**4,526**	**34,889**
					(51,109)	**(2,156)**	**(53,265)**

In this period, the hedge had no significant element of inefficiency.

4. Cash and cash equivalents, financial investments, marketable securities and derivative financial instruments (Continued)

c) Derivative financial instruments (Continued)

Cash flow hedge

					B3 and Consolidated		
					Fair value (3)	Gain/(Loss)	
Hedged item	**Hedging instrument**	**Reference value**	**Reference value – R$**	**Maturity of transaction**	**Liabilities**	**Financial result**	**Equity**
3 interest installments – foreign debt (1)	**NDF**	USD39,600 USD19,800	128,335 64,429	7/3/2017 7/17/2017	(6,122) (3,933)	(5,929) (3,027)	1,944 972
					(10,055)	**(8,956)**	**2,916**
Shares of Bolsa Mexicana de Valores (1)	**NDF**	MXN600,000	99,123	7/3/2017	(7,663)	-	(13,262)
					(7,633)	**-**	**(13,262)**
Future income pegged to foreign currency (2)	**Loan in foreign currency**	USD72,917	-	1/3/2018	(241,722)	218	6,216
					(241,722)	**218**	**6,216**
					(259,440)	**(8,738)**	**(4,130)**

In this period, the hedge had no significant element of inefficiency.

(1) In September 2016, B3 took out with a first-tier financial institution a Non-Deliverable Forward (NDF), in order to hedge the investment in the shares of Bolsa Mexicana de Valores and four installments of half-yearly interest of Senior Unsecured Notes (Note 12) from currency risk. In January 2017, one NDF as settled which refers to the first installment of half-yearly interest of Senior Unsecured Notes from currency risk.

(2) In December 2016, B3 set up a new cash flow hedge, designating the loan taken out in foreign currency to hedge against currency risk of a portion of future income from derivatives to be incurred from February 2017 to January 2018. In June 2017, the foreign loan designated as hedge amounted to R$ 241,722 the amount recorded in equity was R$ 3,032, net of tax effects. In the period, the amount recognized in derivatives transferred from equity was R$10,617.

(3) The method to determine the fair value, used by B3, is based on the conditions of transactions taken out, and then the present value based on current market curves, as disclosed by B3.

4. Cash and cash equivalents, financial investments, marketable securities and derivative financial instruments (Continued)

c) Derivative financial instruments (Continued)

Cash flow hedge (Continued)

In February 2017, B3 contracted a new hedge and allocated as part of its cash in foreign currency to cover foreign exchange impacts of certain firm commitments in foreign currency (cash flow hedge), in accordance with IAS 39/CPC 38. The hedged cash flows refer to payments to be made until December 31, 2017, even if the agreement terms exceed that date. At June 30, 2017, cash in foreign currency allocated to hedge such commitments amounts to R$22,976 and the amount recorded under equity is R$1,443 net of tax effects. In the period, the amounts of R$107 and R$211 were transferred from “Other comprehensive income” to P&L and Non-financial assets, respectively, net of tax effects.

d) Financial instrument and risk management

Financial risk management and financial investment policy

B3’s policy is to hold highly liquid financial investments, whose performance is substantially linked to the SELIC/CDI rate, this results in a significant proportion of government securities in its portfolio, purchased directly, via repurchase agreements backed by government securities and also through exclusive and non-exclusive funds. The Company carries out transactions with derivative instruments solely and exclusively for equity hedge purposes.

Acquisition or disposal of strategic investments, such as the Latin American Stock Exchange shares, are assessed individually and realized only in accordance with the strategic planning approved by the Board of Directors.

In addition, B3 has a Corporate Risk Management Policy, whose purpose is to establish principles, guidelines and responsibilities to be observed in the risk management process of B3, so as to allow identification, assessment, treatment, monitoring and communication of operational, technological, market, liquidity, credit, image and socio-environmental risks.

The Risk and Financial Committees assess market, liquidity, credit and systemic risks of the markets managed by B3, with a strategic and structural focus.

4. Cash and cash equivalents, financial investments, marketable securities and derivative financial instruments (Continued)

d) Financial instrument and risk management (Continued)

Sensitivity analysis

The table below presents the net exposure of all financial instruments (assets and liabilities) by market risk factors. At June 30, 2017, B3's main market risk was represented by the fall in the floating interest rate (CDI/SELIC).

Exposure to Risk Factors (Consolidated)

		6/30/2017		12/31/2016	
Risk factor	**Risk**	**Percentage**	**Amount**	**Percentage**	**Amount**
Floating interest	Lower CDI / Selic rate	**41.99%**	**750,487**	95.59%	11,853,844
Foreign Exchange - USD	Higher currency	**30.70%**	**548,618**	0.07%	8,538
Share price	Lower price	**15.52%**	**277,323**	1.52%	188,137
Inflation	Lower inflation rate	**8.83%**	**157,737**	0.19%	23,851
Fixed interest	Lower fixed rate	**8.37%**	**149,666**	3.15%	390,780
Foreign Exchange - PEN	Lower currency	**2.81%**	**50,268**	-	-
Foreign Exchange -COP	Lower currency	**2.77%**	**49,587**	0.35%	43,565
Foreign Exchange -CLP	Lower currency	**2.11%**	**37,697**	0.33%	40,782
Foreign Exchange - MXN	Lower currency	**1.68%**	**29,964**	0.07%	8,935
Gold	Lower gold price	**0.74%**	**13,182**	0.11%	12,037
Foreign Exchange - EUR	Higher currency	**-**	**69**	0.14%	16,825
Foreign Exchange - GBP	Higher currency	**-**	**7**	0.01%	1,196

The ownership structure at Bolsa de Comercio de Santiago, Bolsa Mexicana de Valores, Bolsa de Valores de Lima and Bolsa de Valores da Colombia is subject to two risk factors simultaneously: currency and share price.

Share price risk

This risk arises from the possibility of fluctuations in the prices of shares the Bolsa de Comercio de Santiago, Bolsa Mexicana de Valores, Bolsa de Valores de Lima and Bolsa de Valores da Colombia, which B3 holds in its portfolio and that may impact the amounts involved.

4. Cash and cash equivalents, financial investments, marketable securities and derivative financial instruments (Continued)

d) Financial instrument and risk management (Continued)

Share price risk (Continued)

The table below shows a sensitivity analysis on possible impacts from a variation of 25% and 50% on the probable scenario for share price, for the next three months, obtained from Bloomberg.

	Impact				
Risk factor	**-50%**	**-25%**	**Probable scenario**	**+25%**	**+50%**
Bolsa de Comércio de Santiago shares in BRL	(18,755)	(9,284)	187	9,658	19,129
Share price in CLP	1,648	2,472	3,296	4,120	4,944
Bolsa Mexicana de Valores shares in BRL	(68,605)	(33,025)	2,555	38,134	73,714
Share price in MXN	16.16	24.23	32.31	40.39	48.47
Bolsa de Valores de Colombia shares in BRL	(24,794)	(11,915)	642	13,200	25,757
Share price in COP	12.51	18.77	25.02	31.28	37.53
Bolsa de Valores de Lima shares in BRL	(24,844)	(12,133)	579	13,290	26,002
Share price in PEN	1.67	2.50	3.34	4.17	5.01

The possible impacts shown by the sensitivity analysis would affect equity, net of taxes.

Interest rate risk

This risk arises from the possibility of B3 incur losses due to fluctuations in interest rates, affecting its assets and liabilities, resulting in effects on its Financial result.

Floating-rate position

As a financial investment policy and considering the need for immediate liquidity with the least possible impact from interest rate fluctuations, B3 maintains its financial assets and liabilities substantially indexed to floating interest rates.

4. Cash and cash equivalents, financial investments, marketable securities and derivative financial instruments (Continued)

d) Financial instrument and risk management (Continued)

Interest rate risk (Continued)

Floating-rate position (Continued)

The table below shows a sensitivity analysis on possible impacts on assets and liabiliaties of a variation of 25% and 50% on the probable scenario for the CDI and SELIC rate for the next three months, obtained from Bloomberg.

	Impact				
Risk factor	**-50%**	**-25%**	**Probable scenario**	**+25%**	**+50%**
Interbank Deposit Certificate (CDI)	-38,337	-57,053	-75,481	-93,631	-111,514
CDI rate	4.62%	6.93%	9.24%	11.55%	13.86%
Brazil's Central Bank benchmark rate (SELIC)	47,244	70,299	92,993	115,341	137,354
Selic rate	4.48%	6.71%	8.95%	11.19%	13.42%

Fixed position

Part of B3's financial investments and marketable securities bears fixed interest rates, resulting in a net exposure to such rates. However, in terms of percentage, their effects on the portfolio are not considered material.

Currency risk

Currency risk refers to variations in foreign exchange rates that may cause unexpected losses to B3.

In addition to the amounts payable and receivable in foreign currencies, including interest payments on the senior unsecured notes in the next six-month period, B3 has third-party deposits in foreign currency to guarantee the settlement of transactions by foreign investors, own funds abroad, and also shareholding interest in stock exchanges abroad (Bolsa de Comercio de Santiago, Bolsa Mexicana de Valores, Bolsa de Valores de Lima and Bolsa de Valores da Colombia).

4. Cash and cash equivalents, financial investments, marketable securities and derivative financial instruments (Continued)

d) Financial instrument and risk management (Continued)

Currency risk (Continued)

The table below shows a sensitivity analysis on possible impacts on assets and liabilities from a variation of 25% and 50% on the probable scenario for foreign exchange, for the next three months, obtained from Bloomberg.

	Impact				
Risk factor	**-50%**	**-25%**	**Probable scenario**	**+25%**	**+50%**
USD	(268,065)	(127,789)	12,487	152,764	293,040
Exchange rate USD/BRL	1.6918	2.5376	3.3835	4.2294	5.0753
EUR	(34)	(16)	2	19	37
Exchange rate EUR/BRL	1.9320	2.8979	3.8639	4.8299	5.7959
GBP	(3)	(2)	-	2	3
Exchange rate GBP/BRL	2.1959	3.2939	4.3918	5.4898	6.5877
CLP	(18,538)	(8,959)	620	10,199	19,778
Exchange rate CLP/BRL	0.0026	0.0038	0.0051	0.0064	0.0077
MXN	(14,925)	(7,405)	115	7,634	15,154
Exchange rate MXN/BRL	0.0919	0.1378	0.1837	0.2296	0.2756
COP	(10,776)	8,630	28,036	47,441	66,847
Exchange rate COP/BRL	0.0009	0.0013	0.0017	0.0021	0.0026
PEN	(24,877)	(12,181)	514	13,210	25,905
Exchange rate PEN/BRL	0.5157	0.7736	1.0314	1.2893	1.5471

The possible impacts shown by the sensitivity analysis would substantially affect equity, net of taxes.

In view of the net amounts of other currencies, their impacts are not deemed material.

4. Cash and cash equivalents, financial investments, marketable securities and derivative financial instruments (Continued)

d) Financial instrument and risk management (Continued)

Liquidity risk

Liquidity risk arises from the cash need related to the obligations assumed and as a form of management, and B3 constantly evaluates its cash flows, thus ensuring liquidity to fulfill all its obligations. The following table shows the main liability financial instruments of B3 by maturity (undiscounted cash flows basis):

	No maturity	Within 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years
Collaterals for transactions	1,798,752	-	-	-	-
Debt issued abroad	-	131,005	131,005	2,221,125	-
Swap (1)	-	-	1,414	201,263	-
NDFs (2)	-	18,050	-	-	-
Debentures	-	760,321	1,613,561	1,556,549	-
Loan in US Dollars	-	426,585	174,619	167,343	-
FINEP Loan	-	3,720	4,743	9,772	9,507

(1) For the adjustment calculation, CDI curve was used from June 30, 2017 up to the swap settlement date, the US Dollar at the closing of month (PTAX) was also used.

(2) NDFs take into consideration the amount to be settled in 2017 on contracted transactions. For the adjustment calculation, the dollar at the closing of month (PTAX) and MXN/BRL sale rate disclosed by the Central Bank of Brazil (BACEN) were used.

Credit risk

The main credit risk of B3 arises from its financial investments. As a means of managing this risk, B3 has a financial investment policy that focuses mainly on investments in Brazilian federal government securities. Currently approximately 99% of financial investments is in connection with federal government securities with ratings set by Standard & Poor's and Moody's of “BB” and “Ba2”, respectively, for long-term issues in local currency. The counterparties of Swaps, NDFs and loans taken out as hedging transactions are substantially first-tier banks.

4. Cash and cash equivalents, financial investments, marketable securities and derivative financial instruments (Continued)

d) Financial instrument and risk management (Continued)

Capital management

B3's objectives in managing its capital are to safeguard its ability to continue as a going concern in order to provide return for its shareholders and for other stakeholders, as well as to maintain an optimal target capital structure to reduce the cost of capital. In order to maintain or adjust its capital structure, B3 may revise its practices for payment of dividends, return capital to shareholders, raise loans and issue marketable securities in the financial and capital markets.

In addition, as described in Note 17, B3 is subject to capital regulatory requirement and must keep a safeguard and risk management structure exclusive for a proper settlement of transactions carried out and/or recorded in its systems.

At June 30, 2017, the consolidated position of loans, financing and debentures added to the guarantees in operations and earnings and rights on securities under custody exceeds by R$1,056,672 the consolidated position of cash and cash equivalents and short-term investments.

	Consolidated	
	06/30/2017	**12/31/2016**
Cash/financial investments	7,150,974	14,847,581
Loans, financing, debentures and derivative financial instruments	(6,341,657)	(5,864,003)
Collateral for transactions	(1,798,752)	(1,653,835)
Earnings and rights on securities in custody	(67,237)	(52,203)
	(1,056,672)	**7,277,540**

5. Accounts receivable

Breakdown of accounts receivable is as follows:

	B3		Consolidated	
Description	**06/30/2017**	**12/31/2016**	**06/30/2017**	**12/31/2016**
Fees	**15,446**	12,603	**80,305**	12,603
Annual fees	**1,114**	1,338	**1,114**	1,338
Vendors - Signal broadcasting	**18,231**	13,726	**21,725**	13,726
Trustee and custodial fees	**65,295**	56,086	**103,880**	56,086
Database management	**-**	-	**24,322**	-
Data processing	**-**	-	**4,389**	-
Other accounts receivable	**2,262**	9,154	**4,522**	9,903
Subtotal	**102,348**	92,907	**240,257**	93,656
Estimated losses on accounts receivable	**(2,160)**	(2,011)	**(2,322)**	(2,011)
Total	**100,188**	90,896	**237,935**	91,645

The amounts presented above are primarily denominated in Brazilian reais and approximately 90% falls due within 90 days. At June 30, 2017, the amounts overdue above 90 days totaled R$1,998 (R$2,171 at December 31, 2016) at B3 and R$2,220 in the consolidated.

Changes in estimated losses on accounts receivable:

	B3	Consolidated
Balance at December 31, 2016	2,011	2,011
Additions	903	962
Reversals	(754)	(755)
Write-offs	-	(36)
Acquisition of subsidiary	-	140
Balance at June 30, 2017	**2,160**	**2,322**

6. Other receivables

Other receivables comprise the following:

	B3		Consolidated	
	06/30/2017	**12/31/2016**	**06/30/2017**	**12/31/2016**
Current				
Interest on Equities receivable - CETIP	**23,630**	-	**-**	-
Receivables - related parties	**1,167**	6,038	**119**	294
Properties held for sale	**3,812**	3,812	**3,812**	3,812
Advances to employees	**11,750**	3,547	**15,712**	3,547
Exchange operations	**34,973**	-	**39,184**	-
Debt note	**-**	-	**19,850**	-
Tax – deferred income	**-**	-	**1,627**	-
Other	**350**	633	**4,124**	2,636
Total	**75,682**	14,030	**84,428**	10,289
Noncurrent				
Tax – deferred income	**-**	-	**1,602**	-
Brokers in court-ordered liquidation (1)	**-**	-	**2,200**	2,200
Other	**-**	-	**257**	-
Total	**-**	-	**4,059**	2,200

(1) Balance of accounts receivable from brokers in court-ordered liquidation, which considers the guarantee represented by the equity certificates pledged by the debtor.

7. Investments

a) Investments in subsidiaries and associates

Investments in subsidiaries comprise the following:

Subsidiaries

Companies	Equity	Total shares	Adjusted P&L	% Ownership	Investment 6/30/2017	Investment 12/31/2016	Equity pickup in 2017	Equity pickup in 2016
Subsidiaries								
Banco BM&FBOVESPA de Liquidação e Custódia S.A.	87,667	24,000	5,823	100	87,667	81,790	5,823	5,769
Bolsa de Valores do Rio de Janeiro - BVRJ	78,154	115	2,179	86.95	67,955	66,060	1,895	2,742
BM&F (USA) Inc.	1,523	1,000	(25)	100	1,523	1,539	(25)	(94)
BM&FBOVESPA (UK) Ltd.	1,564	1,000	299	100	1,564	1,185	299	(162)
CETIP S.A. - Mercados Organizados (1)	1,618,572	260,139,460	(16,442)	100	12,975,870	-	(16,442)	-
B3 Inova USA LLC	7,910			100	7,910	-	-	-
Total					**13,142,489**	**150,574**	**(8,450)**	**8,255**

(1) Equity pickup takes into consideration (i) depreciation and amortization charges amounting to R$183,267 related to identifiable net assets acquired in the business combination (Note 2 (d)), and (ii) interest on equity approved in the quarter by CETIP in the amount of R$27,800.

BM&FBOVESPA BRV LLC stated no balance in the period.

Associates

Cetip owns 20% interests in the affiliate RTM, wich is a private communication network created especially for the financial sector, connecting approximately of 500 institutions and 25 information and service providers into a single operating environment. RTM manages data, voice and image services and provides specific solutions for financial industry. At June 30, 2017, its equity totals R$39,416. According to the business combination described in Note 2 (d), a surplus value was identified in the fair value of the investment in affiliate RTM in the amount of R$8,809. In the period, equity pickup was recorded in the amount of R$493.

The financial statement reporting date of affiliate RTM used in the application of the equity method is May 31, 2017, and derives from incompatibilities in the accounting closing schedule between CETIP and its affiliate.

7. Investments (Continued)

a) Investments in subsidiaries and associates (Continued)

Summary of key financial information of subsidiaries and associates at June 30, 2017:

	Subsidiaries					Associate
Description	Banco BM&FBOVESPA	Bolsa de Valores do Rio de Janeiro - BVRJ	BM&F (USA) Inc.	BM&FBOVESPA (UK) Ltd.	CETIP S.A.	RTM
Assets	457,778	94,345	1,749	2,109	4,685,334	48,005
Liabilities	370,111	16,191	226	545	3,066,762	8,589
Revenues	20,007	3,245	637	1,327	410,965	31,625

Changes in investments

	Subsidiaries						
Investments	Banco BM&FBOVESPA	Bolsa de Valores do Rio de Janeiro - BVRJ	BM&F (USA) Inc.	BM&FBOVESPA (UK) Ltd.	CETIP S.A.	B3 Inova USA LLC	Total
Balances at December 31, 2016	81,790	66,060	1,539	1,185	-	-	150,574
Equity pickup	5,823	1,895	(25)	299	(16,442)	-	(8,450)
Exchange rate variation	-	-	9	80	-	-	89
Comprehensive income (loss) of subsidiary	54	-	-	-	(636)	-	(582)
Acquisition of subsidiary (Note 2(d))	-	-	-	-	13,020,748	7,910	13,028,658
Interest on equity	-	-	-	-	(27,800)	-	(27,800)
Balances at June 30, 2017	**87,667**	**67,955**	**1,523**	**1,564**	**12,975,870**	**7,910**	**13,142,489**

b) Investment properties

This category comprises properties owned by subsidiary Bolsa de Valores do Rio de Janeiro (BVRJ) for rent, which are carried at cost and depreciated at the rate of 4% per annum. There were no additions or write-offs during the period, and depreciation totaled R$759 (R$759 at June 30, 2016). Rental income for the period ended June 30, 2017 amounted to R$3,240 (R$4,201 at June 30, 2016).

At June 30, 2017, cost less accumulated depreciation of this property amounted to R$28,358 (R$ 29,177 at December 31, 2016) and fair value estimated by management amounted to R$118,700, calculated considering the average square-meter price for sale of commercial buildings in the city of Rio de Janeiro, as disclosed in FIPEZAP table.

The B3 has no restriction on the ability sell its investment property.

8. Property and equipment

B3

Changes	Buildings	Furniture and fixtures	Computer devices and equipment	Facilities	Other	Construction in progress	Total
Balances at December 31, 2016	279,378	14,625	111,391	26,767	20,342	7,511	460,014
Additions	**518**	**1,841**	**61,194**	**3,998**	**624**	**3,059**	**71,234**
Write-offs	**-**	**(136)**	**(669)**	**-**	**(383)**	**-**	**(1,188)**
Depreciation	**(2,663)**	**(1,324)**	**(10,622)**	**(1,868)**	**(630)**	**-**	**(17,107)**
Balances at June 30, 2017	**277,233**	**15,006**	**161,294**	**28,897**	**19,953**	**10,570**	**512,953**
June 30, 2017							
Cost	**410,907**	**50,837**	**431,158**	**61,105**	**61,804**	**10,570**	**1,026,381**
Accumulated depreciation	**(133,674)**	**(35,831)**	**(269,864)**	**(32,208)**	**(41,851)**	**-**	**(513,428)**
Net book balance	**277,233**	**15,006**	**161,294**	**28,897**	**19,953**	**10,570**	**512,953**
Average annual depreciation rates	**1.5%**	**8.2%**	**9.2%**	**6.4%**	**5.6%**		

Consolidated

Changes	Buildings	Furniture and fixtures	Computer devices and equipment	Facilities	Other	Construction in progress	Total
Balances at December 31, 2016	279,378	14,625	111,391	26,870	22,978	7,511	462,753
Additions	**518**	**1,858**	**61,430**	**3,998**	**666**	**2,862**	**71,332**
Write-offs	**-**	**(150)**	**(684)**	**-**	**(625)**	**-**	**(1,459)**
Transfers	**-**	**-**	**3,481**	**-**	**-**	**(3,481)**	**-**
Reversal of Impairment	**-**	**383**	**358**	**-**	**89**	**-**	**830**
Depreciation	**(2,696)**	**(1,478)**	**(14,442)**	**(2,163)**	**(1,190)**	**-**	**(21,969)**
Acquisition of subsidiary	**19,000**	**2,520**	**27,647**	**403**	**11,375**	**5,062**	**66,007**
Balances at June 30, 2017	**296,200**	**17,758**	**189,181**	**29,108**	**33,293**	**11,954**	**577,494**
At June 30, 2017							
Cost	**432,101**	**55,423**	**525,521**	**72,495**	**94,405**	**11,954**	**1,191,899**
Accumulated depreciation	**(135,901)**	**(37,665)**	**(336,340)**	**(43,387)**	**(61,112)**	**-**	**(614,405)**
Net book balance	**296,200**	**17,758**	**189,181**	**29,108**	**33,293**	**11,954**	**577,494**
Average annual depreciation rates	**1.5%**	**8.7%**	**12.4%**	**8.6%**	**9.1%**		

In the período, B3 absorbed as part of the project development cost the amount of R$4,423 (R$3,522 at June 30, 2016) related to the depreciation of equipment used in developing these projects.

B3's properties with a carrying amount of approximately R$91,566 (R$92,441 at December 31, 2016) were pledged as collateral in lawsuits. B3 is not allowed to assign these assets as collateral for other lawsuits or sell them.

9. Intangible assets

Goodwill

According to the guidelines of CPC 01/IAS 36, the goodwill attributed to expected future profitability must be tested annually for impairment, or more frequently when there are indicators that impairment may have occurred. Goodwill is recorded at cost value less accumulated impairment losses. Impairment losses recognized on goodwill are not reversed.

Bovespa Holding

Goodwill from acquisition of Bovespa Holding in 2008, totaled R$16,064,309, is based on the expected future profitability, supported by an economic and financial valuation report of the investment. At December 31, 2015, testing supported by a valuation report issued by independent experts indicated the need for impairment at Bovespa Holding amounting to R$1,662,681, consequently the book value of goodwill amounted to R$ 14,401,628.

In the second quarter of 2017, management reviewed the main internal and external indicators that influence the future cash flow of the Bovespa segment and did not identify any need to adjust goodwill value.

CETIP

The goodwill generated on the acquisition of CETIP in March 2017, in the amount of R$7,937,248 (Note 2 (d)), is based on the expected future profitability and on the Purchase Price Allocation (PPA) report.

In the second quarter of 2017, management reviewed the main external and internal indicators that influence future cash flows of the cash-generating units TVM and FIN and identified no need to adjust the goodwill.

9. Intangible assets (Continued)

Software and projects

				B3
Changes	**Cost of internally generated software under development**	**Software internally generated - projects completed**	**Software**	**Total**
Balances at December 31, 2016	377,807	475,428	47,343	900,578
Additions	65,144	-	1,223	66,367
Transfers	(3,629)	3,629	-	-
Impairment (1)	(2,702)	(62,806)	-	(65,508)
Amortization	-	(28,845)	(9,246)	(38,091)
Balances at June 30, 2017	**436,620**	**387,406**	**39,320**	**863,346**
At June 30, 2017				
Cost	436,620	616,615	354,567	1,407,802
Accumulated amortization	-	(229,209)	(315,247)	(544,456)
Net book balance	**436,620**	**387,406**	**39,320**	**863,346**
Average annual amortization rates		**8.3%**	**13.7%**	

						Consolidated
Changes	**Cost of internally generated software under development**	**Software internally generated - projects completed**	**Software**	**Contractual relationships**	**Trademark**	**Total**
Balances at December 31, 2016	377,807	475,428	47,343	-	-	900,578
Additions	71,356	-	1,450	-	-	72,806
Write-offs	(564)	-	-			(564)
Transfers	(10,138)	15,999	(5,861)	-	-	-
Impairment (1)	(2,702)	(62,806)	-	-	-	(65,508)
Amortization	-	(211,219)	(11,634)	(2,317)	(15,845)	(241,015)
Acquisition of subsidiary	33,995	4,939,351	48,904	51,416	190,131	5,263,797
Balances at June 30, 2017	**469,754**	**5,156,753**	**80,202**	**49,099**	**174,286**	**5,930,094**
At June 30, 2017						
Cost	469,754	5,654,476	453,824	373,210	190,130	7,141,394
Accumulated amortization	-	(497,723)	(373,622)	(324,111)	(15,844)	(1,211,300)
Net book balance	**469,754**	**5,156,753**	**80,202**	**49,099**	**174,286**	**5,930,094**
Average annual amortization rates		**13.7%**	**17.6%**	**20.0%**	**33.3%**	

(1) As a result of the consummation of the transaction between the B3 and CETIP in March 29, 2017, B3 acknowledged a decrease in recoverable value of iBalcão platform for a total value of R$65,508.

9. Intangible assets (Continued)

In the period, B3 absorbed as part of the project development cost the amount of R$1,910 (R$3,016 at June 30, 2016) related to the amortization of software used in developing these projects.

The ongoing projects refer mainly to the development of a new electronic trading platform for different types and classes of assets and the construction of a new business and IT architecture to support integration of the post-trade infrastructure.

10. Earnings and rights on securities in custody

These comprise dividends and interest on equity received from listed companies, which will be transferred to the custody agents and by them to their customers, who are the owners of the listed companies' shares.

11. Provision for taxes and contributions payable

	B3		Consolidated	
Description	**06/30/2017**	**12/31/2016**	**06/30/2017**	**12/31/2016**
Taxes and contributions withheld at source	**7,394**	61,439	**14,800**	64,100
PIS and COFINS payable	**23,262**	25,517	**34,007**	25,805
ISS payable	**3,215**	3,085	**5,611**	3,103
Other	**-**	-	**282**	-
Total	**33,871**	90,041	**54,700**	93,008

12. Debt issued abroad, loans and debentures

	B3		Consolidated	
	06/30/2017	**12/31/2016**	**06/30/2017**	**12/31/2016**
Current				
Interest payable on debt issued abroad (a)	**59,680**	58,794	**59,680**	58,794
Bank loans (b) (i)	**241,722**	373,919	**408,995**	373,919
Other loans (b) (iii)	**-**	-	**2,165**	-
Debentures (c)	**24,069**	17,495	**540,602**	17,495
	325,471	450,208	**1,011,442**	450,208
Noncurrent				
Debt issued abroad (a)	**2,022,812**	1,987,669	**2,022,812**	1,987,669
Bank loans (b) (i)	**-**	33,949	**331,983**	33,949
Other loans (b) (iii)	**-**	-	**17,756**	-
Debentures (c)	**2,993,211**	2,991,806	**2,993,211**	2,991,806
	5,016,023	5,013,424	**5,365,762**	5,013,424
Total indebtedness	**5,341,494**	5,463,632	**6,377,204**	5,463,632

a) Debt issued abroad

With the adoption of the fair value hedge accounting in March 2016 (Note 4(c)), the principal amount of debt securities issued abroad in 2010 are now measured at fair value.

The restated loan balance at June 30, 2017 amounts to R$2,082,492 (R$2,046,463 at December 31, 2016), which includes the amount of R$59,680 (R$58,794 at December 31, 2016) referring to interest incurred until the reporting date.

In September 2016, B3 took out a Non-Deliverable Forward (NDF) and designated it as a hedging instrument to hedge the currency risk of four installments of half-yearly interest of Senior Unsecured Notes (Note 4(c)).

12. Debt issued abroad, loans and debentures (Continued)

a) Debt issued abroad (Continued)

Changes in debt issued abroad and hedge effects are as follows:

	B3 and Consolidated		
	Current	**Noncurrent**	**Total**
Debt issued abroad (12/31/2016)	58,794	1,987,669	2,046,463
Exchange rate variation - fair value hedge	-	30,700	30,700
Exchange rate variation - cash flow hedge	(728)	-	(728)
Interest paid	(63,463)	-	(63,463)
Interest payable	65,728	-	65,728
Fundraising cost amortization	(651)	-	(651)
Foreign loan at amortized cost	59,680	2,018,369	2,078,049
Fair value adjustment - Fair value hedge	-	4,443	4,443
Debt issued abroad (06/30/2017)	**59,680**	**2,022,812**	**2,082,492**

The market value of securities, considering principal and interest, amounts to R$2,133,725 at June 30, 2017 (R$2,064,997 at December 31, 2016), which is obtained from Bloomberg.

b) Loans

i) Bank loans

B3

In December 2016, B3 entered into a loan agreement with a first-tier bank in the amount of US$125,000 (One hundred and twenty-five million US Dollars), at a rate of 2.57% per annum (p.a.), lasting in one year and one month, with monthly repayment of US$10,417. This loan was designated as a hedging instrument to hedge the foreign exchange risk of part of future revenues (Note 4(c)).

At June 30, 2017, the balance of principal plus interest on loan totals R$241,722 (R$407,868 at December 31, 2016).

CETIP

In 2014, CETIP Lux raised a bank loan amounting to US$100,000 (One hundred million US Dollars) backed by a Company fiduciary guarantee.

The loan has term of four years, with amortization of principal installments amounting to US$50,000 (fifty million US Dollars) in August 2017 and amortization of the remaining balance in August 2018. The interest rate of the loan is approximately 2.5% per annum and interest quarterly payments.

12. Debt issued abroad, loans and debentures (Continued)

b) Loans (Continued)

i) Bank loans (Continued)

CETIP (Continued)

As at June 30, 2017, the balance of the loan principal amount plus interest is R$ 331,983.

The loan agreement establishes certain covenants that, in case of violation by CETIP Lux, may result in the early repayment of the loan. These include:

(a) Maintenance of a financial leverage ratio, based on the quotient of the division of net debt by EBITDA and calculated quarterly, which must not exceed 2.5 times

(b) Maintenance of interest coverage ratio (quotient of the division between EBITDA and the value of financial expenses with interest), calculated on a quarterly basis, which should not be less than 3.0 times.

On June 30, 2017, CETIP Lux was in compliance with the covenants set out in the loan agreement.

In 2016, CETIP Lux raised a bank loan amounting to US$50,000 (fifty million US Dollars), backed by a Company fiduciary guarantee.

The loan has term of three years, with amortization of the principal in September 2019. The interest rate of the loan is approximately 4% per annum and semiannual payment of interest.

As at June 30, 2017, the balance of the loan principal amount plus interest is R$167,273.

The loan agreement establishes certain covenants that, in case of violation by CETIP Lux, may result in the early repayment of the loan.

On June 30, 2017, CETIP Lux was in compliance with the covenants established in the loan agreement.

12. Debt issued abroad, loans and debentures (Continued)

b) Loans (Continued)

ii) Loans with subsidiaries

Loans between CETIP and the subsidiary CETIP Lux amount to US$461,410 (four hundred and sixty one million US Dollars) at March 31, 2017.

Loan agreements have a weighted average period of approximately three years with amortization of principal in September 2019 and December 2020 amounting to US$404,800 and US$56,610, respectively. The weighted average interest rate of the loans is approximately 4.5% per annum and semiannual payment of interest or on maturity of the principal, depending on the agreement.

At June 30, 2017, the balance of the loan principal amount plus interest is R$ 1,574,416.

iii) Other loans

In 2012, CETIP obtained approval from the Study and Project Financing Board (FINEP), for funding to partially cost the expenses incurred in the preparation of a data management and system processing development projects relating to liens on vehicles and properties.

The total value of the funding is R$11,782 and will be fully settled up to 2020. The financing contains a principal amortization grace period for the first 20 months, interest at 4% a year on the balance due, and is amortized on a monthly basis.

In 2016, CETIP entered into a new agreement with FINEP to partially cost the expenses incurred in the preparation of new data management and system processing development projects.

The value of the funding up to June 30, 2017 amounts to R$ 15,001 and will be fully settled up to 2026. The financing contains a principal amortization grace period for the first 17 months, interest at 9% a year on the balance due, and is amortized on a monthly basis.

As at June 30, 2017, the balance of the loan principal amount plus interest is R$ 19,921.

12. Debt issued abroad, loans and debentures (Continued)

c) Issue of debentures

B3

On December 15, 2016, B3 completed its first issuance of simple unsecured non-convertible debentures in a single series, with B3 being rated by Moody's as “Aaa.br”. The debentures totaled R$3,000,000 and will mature after three years from the date of issuance but no later than December 30, 2019.

	Contractual rate	Number	Unit par value in R$	Total issuance
First issuance (single series)	104.25% DI	3,000,000	1,000.00	3,000,000

The debentures will yield interest equivalent to 104.25% of the DI Rate with amortization of principal in equal installments in the 24th and 36th months, and semiannual payment of interest on the 1st of June and December each year, with the first payment on June 1, 2017 and the last on January 1, 2019.

As at June 30, 2017, the balance of the principal amount plus interest less costs incurred in the issuance of debentures is R$3,017,280 (R$3,009,301 at December 31, 2016).

The market value of securities, considering principal and interest, amounts to R$3,024,070 at June 30, 2017 (R$3,017,490 at December 31, 2016), which is obtained from the fiduciary agent.

CETIP

In August 6, 2014, CETIP’s Board of Directors approved the second issue of simple unsecured non-convertible Company debentures in a single series, amounting to R$500,000, which was the subject of public distribution with restricted placement efforts, pursuant to CVM Rule No. 476/09. Net funds obtained with the issue were intended for the early redemption of Company first issue debentures as well as to replenish Company cash.

The debentures have a three year term as from the date of issue, maturing September 12, 2017, and are entitled to remuneration equivalent to the accumulated variation of 106.65% of the DI rate.

The issuance indenture sets out certain covenants that, in the event of non-compliance, may result in the early redemption of the debentures. These include:

(a) Maintenance of a maximum financial leverage ratio, based on a quotient of the division of net debt by EBITDA and calculated quarterly, equal to or less than 2.5 times

(b) Maintenance of interest coverage ratio (quotient of the division between EBITDA and the value of financial expenses with interest), calculated on a quarterly basis, equal to or less than 3.0 times.

12. Debt issued abroad, loans and debentures (Continued)

c) Issue of debentures (Continued)

CETIP (Continued)

As at June 30, 2017, the balance of the principal amount plus interest less costs incurred in the issuance of debentures is R$516,533.

13. Other liabilities

	B3		Consolidated	
	06/30/2017	**12/31/2016**	**06/30/2017**	**12/31/2016**
Current liabilities				
Payables – CME	**14,402**	14,574	**14,402**	14,575
Payables to related parties	**290**	324	**223**	257
Custody agents	**3,237**	3,172	**3,236**	3,172
Amounts to be transferred - Direct Treasury	**23,313**	28,558	**23,313**	28,558
Advance received for the sale of property	**7,500**	7,500	**7,500**	7,500
Preferred shares payable	**1,838**	1,838	**1,838**	1,838
Redemption of shares payable (3)	**21,315**	-	**21,315**	-
Demand deposits (1)	**-**	-	**119,934**	115,502
Repurchase agreements (2)	**-**	-	**211,443**	303,002
Foreign exchange transactions	**-**	-	**4,240**	-
Other	**51,439**	9,108	**52,664**	10,108
Total	**123,334**	65,074	**460,108**	484,512
Noncurrent liabilities				
Payables – CME	**26,514**	39,649	**26,514**	39,649
Other	**-**	-	**1,363**	-
Total	**26,514**	39,649	**27,877**	39,649

(1) These refer to demand deposits held by corporations at Banco BM&FBOVESPA with the sole purpose of settlement of clearing operations held within B3 and the Special System for Settlement and Custody (SELIC) pursuant to BACEN Circular Letter No. 3196 of July 21, 2005.

(2) These refer to open market funding made by Banco BM&FBOVESPA, comprising repurchase agreements maturing on July 3, 2017 (January 2, 2017 for 2016) and backed by Financial Treasury Bills (LFT), National Treasury Notes series B (NTN-B) and National Treasury Bills (LTN).

(3) Refers to the redemption of the preferred shares issued by the Holding to be paid to Cetip's shareholders in the context of the business combination operation (Note 2(d)).

14. Provisions for tax, civil and labor contingencies, contingent assets and liabilities, judicial deposits and other provisions

a) Contingent assets

B3 has no contingent assets recognized in its balance sheet and, at present, no lawsuits which are expected to give rise to significant future gains.

b) Provisions for tax, civil and labor contingencies

B3 and its subsidiaries are defendants in a number of legal and administrative proceedings involving labor, tax and civil matters arising in the ordinary course of business.

The legal and administrative proceedings are classified by their likelihood of loss (probable, possible or remote), based on the assessment by B3's legal department and external legal advisors, using parameters such as previous legal decisions and the history of loss in similar cases.

The proceedings assessed as probable loss are mostly comprised as follows:

- Labor claims mostly relate to claims filed by former employees of B3 and its subsidiary CETIP and employees of outsourced service providers, on account of alleged noncompliance with labor legislation;
- Civil proceedings mainly relate to aspects of civil liability of B3 and its subsidiaries, as well as to cancelling of (i) units of interest of former members of the then Associação CETIP; and (ii) securities of former member of the then Associação BM&F.
- Tax proceedings for which provisions were set up mostly relate to PIS and COFINS levied on (i) B3 revenues and (ii) receipt of interest on equity.

c) Legal obligations

Legal obligations comprise three groups of proceedings in which B3 and its subsidiaries seeks (i) exemption from additional social security contribution on payroll and payments to self-employed professionals; (ii) the unconstutionality of broadening of COFINS tax base pursuant to Law No. 9718; and (iii) non-levy of ISS tax on the activity of permanence, registration of securities and other services.

d) Other provisions

B3 has contracts that provide for the payment of attorneys' success fees arising from tax and civil proceedings, in which they figure as defendants. Within its best estimates, B3 determined and provisioned the amounts for which it understands that there is likelihood of future disbursement, related to attorneys' success fees from proceedings whose likelihood of loss is assessed as possible and remote.

14. Provisions for tax, civil and labor contingencies, contingent assets and liabilities, judicial deposits and other provisions (Continued)

e) Changes in balances

Changes in provisions for contingencies and legal obligations are detailed as follows:

	B3					
	Civil proceedings	**Labor claims**	**Legal obligations**	**Tax proceedings**	**Other provisions**	**Total**
Balances at December 31, 2016	197,162	33,877	65,687	18,870	40,960	356,556
Provisions	131	1,318	7,678	3,407	516	13,050
Provision expenditure	(1)	(3,515)	-	-	(4,745)	(8,261)
Reversal of provisions	(12)	(2,079)	-	-	(737)	(2,828)
Reassessment of risks	10,227	(1,837)	-	-	-	8,390
Monetary restatement	8,326	1,540	2,790	730	660	14,046
Balances at June 30, 2017	**215,833**	**29,304**	**76,155**	**23,007**	**36,654**	**380,953**

	Consolidated					
	Civil proceedings	**Labor claims**	**Legal obligations**	**Tax proceedings**	**Other provisions**	**Total**
Balances at December 31, 2016	203,975	33,904	65,687	18,870	48,944	371,380
Provisions	132	1,318	7,777	3,407	516	13,150
Provision expenditure	(1)	(3,515)	-	-	(6,599)	(10,115)
Reversal of provisions	(12)	(2,079)	-	-	(737)	(2,828)
Reassessment of risks	10,595	(806)	-	-	-	9,789
Monetary restatement	16,114	1,558	6,069	730	583	25,054
Acquisition of subsidiary	146,806	442	131,347	-	2,485	281,080
Balances at June 30, 2017	**377,609**	**30,822**	**210,880**	**23,007**	**45,192**	**687,510**

Considering the characteristics of the provisions, the timing of the cash disbursements, if any, cannot be predicted.

14. Provisions for tax, civil and labor continge ncies, contingent assets and liabilities, judicial deposits and other provisions (Continued)

f) Possible losses

The proceedings assessed as possible loss are so classified as a result of uncertainties surrounding their outcome. They are legal or administrative proceedings for which case law has not yet been established or which still depend on check and analysis of the facts, or even involve specific aspects that reduce the likelihood of loss.

B3 and its subsidiaries are parties to tax, civil and labor lawsuits involving risks of loss classified by management as possible, based on the assessment of their legal department and external legal advisors, for which no provision has been recorded. These proceedings comprise mainly the following:

- Labor claims mostly relate to claims filed by former employees of B3 and its subsidiary CETIP and former employees of outsourced service providers, on account of alleged noncompliance with labor legislation. The amount involved in the legal proceedings assessed as possible loss at June 30, 2017 totals R$22,652 in the B3 and R$48,219 in the consolidated (R$18,173 in the B3 and consolidated at December 31, 2016).
- Civil proceedings mainly relate to aspects of civil liability for losses and damages, as well as on the cancellation of units of interest of former members of the then CETIP. The amount involved in civil proceedings classified as possible losses at June 30, 2017 totals R$118,909 in B3 (R$102,718 at December 31, 2016) and R$233,732 in the consolidated (R$324,388 at December 31, 2016). The main civil proceedings of B3 and its subsidiaries refer to the following issues.

  Major part of the amount at December 31, 2016 derives from six lawsuits, the first one refers to the possibility of BVRJ being required to indemnify an investor for alleged omission in an audit report, brought before the Special Guarantee Fund Commission of BVRJ, of shares that allegedly resulted from transactions carried out by the investor through a broker, which were not included in the custody account. The second proceeding involves the possibility of B3 being sentenced, jointly with BVRJ, to indemnify the broker, which, for not meeting the requirements, was not authorized to exchange the membership certificates of BVRJ which it alleged to own, with membership certificates of the then São Paulo Stock Exchange, which, in turn, would entitle to shares issued by B3. The other lawsuits involve CETIP, as successor of CETIP Associação, which is being challenged in court due to the cancellation of units of interest of certain members. At June 30, 2017, there were proceedings pending judgment involving inquiries on the cancellation of 4 units of interest with an estimated value at risk of R$103,993, whose likelihood of loss is assessed as possible (December 31, 2016 - proceedings pending judgment involving inquiries on cancellation of 16 units of interest with an estimated value at risk of R$10,241).

14. Provisions for tax, civil and labor contingencies, contingent assets and liabilities, judicial deposits and other provisions (Continued)

f) Possible losses (Continued)

- The amounts involved in the tax proceedings classified as possible loss total R$595,317 (R$566,780 at December 31, 2016) in the B3 and R$610,780 (R$566,987 at December 31, 2016) in the consolidated. The main tax proceedings of B3 and its subsidiaries refer to the following matters:

(i) Classification of the former BM&F and Bovespa, in the period prior to the demutualization, as taxpayers of the Contribution Tax on Gross Revenue for Social Security Financing ("COFINS"), which is the subject matter of two declaratory judgment actions pleading the declaration that the plaintiffs have no tax obligations owed to the federal tax authorities and seeking non-levy of COFINS on revenue arising from the exercise of the activities for which they were established, the revenue of which does not fall under the concept of billing. The amount involved in the aforementioned proceedings at June 30, 2017 totals R$65,609 (R$63,892 at December 31, 2016).

(ii) Collection of Withholding Income Tax ("IRRF") relating to calendar year 2008, since the Brazilian IRS understands that B3 would be responsible for withholding and paying IRRF on the alleged capital gains earned by non-resident investors in Bovespa Holding S.A., due to the merger of shares of Bovespa Holding S.A. into B3. The amount involved in this administrative proceeding at June 30, 2017 totals R$211,644 (R$204,695 at December 31, 2016).

(iii) Alleged levy of social security taxes on options granted under the Stock Option Plan of BM&F S.A., assumed by B3, and of B3 itself, exercised by the beneficiaries of the Plan in 2011 and 2012, as well as one-time fine due to the non-withholding at source of income tax allegedly due on those options. The inquiries of the Brazilian IRS are based on the understanding that the stock options were granted to employees in the nature of salary as they represent compensation for services rendered. The amounts involved in these administrative proceedings at June 30, 2017 are: (i) R$91,749 (R$88,075 at December 31, 2016), relating to social security taxes allegedly due, assessed as possible loss, and (ii) R$37,752 (R$36,010 at December 31, 2016), relating to one-time fine for the non-withholding of income tax, assessed as remote loss.

(iv) Alleged differences in payment of IRPJ and CSLL stemming from questioning of the limits of deductibility of interest on equity paid by B3 to its shareholders in calendar year 2008. The total amount involved in this administrative proceeding is R$156,956 (R$151,623 at December 31, 2016), including late-payment interest and automatic fine.

14. Provisions for tax, civil and labor contingencies, contingent assets and liabilities, judicial deposits and other provisions (Continued)

f) Possible losses (Continued)

Decision for the enrollment with the Special Tax Regularization Program ("PERT") - Lawsuit challenging the deductibility of expenses with payment of IOE in calendar year 2008

B3 decided to include in the tax installment payment program established by Provisional Executive Order (MP) No. 783/17, named Special Tax Regularization Program ("PERT"), the total IRPJ and CSLL debts related to the administrative proceeding described above, which challenges the limit of deductibility applicable to interest on equity - IOE paid over calendar year 2008, to take advantage of its special payment terms.

The referred to tax debt will be formally included in PERT within the legal deadline provided for in MP No. 783/17, that is, until August 31, 2017. The impact of the discounts on fines and interest on that lawsuit appears to be more economically beneficial than the maintenance of this dispute, considering the option for cash payment of the updated debt, which will reduce the related amount to R$94,136 recorded at June 30, 2017. This reduction comprises R$15,626 related to fines and R$47,853 related to interest.

g) Remote losses

On November 29, 2010, B3 was served a tax deficiency notice from the Brazilian IRS challenging the amortization, for tax purposes in 2008 and 2009, of goodwill generated upon the merger of Bovespa Holding S.A.'s shares into B3 in May 2008. In October 2011, the Brazilian IRS Judgment Office in São Paulo handed down a decision on the challenge presented by B3, upholding, in substance, the tax deficiency notice. In December 2013, the Administrative Board of Tax Appeals (CARF) handed down a decision denying the voluntary appeal filed by B3, thus upholding the tax deficiency notice. On March 25, 2015, CARF denied the motions for clarification filed by B3. On May 29, 2015, B3 filed a Special Appeal with the Higher Chamber of CARF. On April 5, 2017, the Higher Chamber of the Administrative Board of Tax Appeals (CARF) handed down a decision denying the special appeal filed by B3. Currently, the Company awaits a summons regarding the full content of the court decision. B3 understands that the risk of loss associated with this tax matter is remote and will continue to amortize the goodwill for tax purposes as provided for by prevailing legislation. The amount involved in this administrative proceeding at June 30, 2017 totals R$1,225,811 (R$1,184,514 at December 31, 2016).

14. Provisions for tax, civil and labor contingencies, contingent assets and liabilities, judicial deposits and other provisions (Continued)

g) Remote losses (Continued)

On April 2, 2015, B3 was served a tax deficiency notice from the Brazilian IRS challenging the amortization, for tax purposes in 2010 and 2011, of goodwill generated upon the merger of Bovespa Holding S.A.'s shares into B3 in May 2008. On April 27, 2016, B3 was notified of the Brazilian IRS Judgment Office's (DRJ) decision denying the Company's appeal and B3 will file an appeal with the Administrative Board of Tax Appeals (CARF) within the term prescribed by applicable regulations. On June 22, 2017, CARF handed down a decision granting the Voluntary Appeal filed by B3. B3 understands that the risk of loss associated with this tax matter is remote and will continue to amortize the goodwill for tax purposes as provided for by prevailing legislation. The amount involved in this administrative proceeding at June 30, 2017 totals R$2,444,493 (R$2,347,853 at December 31, 2016).

B3, as the successor of Bolsa de Mercadorias e Futuros - BM&F ("BM&F") and as disclosed in its Form of Reference (item 4.3), figures as a defendant in civil public actions and class actions filed in order to investigate the practice of possible acts of administrative impropriety, and to receive compensation for alleged damages to the federal treasury as a result of transactions conducted by the Central Bank of Brazil in January 1999 in the US dollar futures market run by the former BM&F. On March 15, 2012, those proceedings were deemed valid in the trial court and sentenced most of the defendants, among them, BM&F. The total amount arising from this unfavorable decision is R$7,005 million, and, according to one of the decisions handed down, the gains that the Central Bank of Brazil obtained by reason of the non-use of international reserves, amounting to R$5,431 million, may be deducted. B3 was also sentenced to pay a civil penalty of R$1,418 million. The figures were measured in January 1999 and should be adjusted for inflation, plus interest and burden of defeat. Subsequently to the publication of these decisions, motion for clarification was lodged and denied. The Company lodged appeals. On June 21, 2017, the Federal Court of Appeals of the 1st Region granted the appeal to dismiss the Company's liability for the reimbursement of the alleged damages experienced by the Treasury. These decisions are pending publication. B3 understands that these proceedings are fully groundless and will not recognize in its quarterly information any provision for such lawsuits as the risk of loss is remote.

h) Judicial deposits

	B3		Consolidated	
Description	**06/30/2017**	**12/31/2016**	**06/30/2017**	**12/31/2016**
Legal obligations	**75,305**	65,800	**236,573**	65,800
Tax proceedings	**81,515**	79,569	**81,883**	79,908
Civil proceedings	**6,227**	5,941	**6,228**	5,941
Labor claims	**10,841**	10,968	**11,239**	11,111
Total	**173,888**	162,278	**335,923**	162,760

14. Provisions for tax, civil and labor contingencies, contingent assets and liabilities, judicial deposits and other provisions (Continued)

h) Judicial deposits (Continued)

Out of the total B3 judicial tax deposits, the following are highlighted: (i) R$60,266 (R$58,576 at December 31, 2016) relates to the disputes over the classification of the exchanges as subject to the payment of COFINS, which are assessed as possible loss by B3, as described in item “f” above; and (ii) R$14,649 (R$14,207 at December 31, 2016) refers to cases regarding PIS and COFINS on interest on equity received. Of the total deposits relating to legal obligations, R$75,291 (R$65,788 at December 31, 2016) relates to the proceedings in which B3 claims non-levy of additional social security contribution on payroll and payments to self-employed professionals, and challenges the legality of FAP (an index applied to calculate the occupational accident insurance owed by employers).

Due to the existence of judicial deposits related to tax proceedings classified as possible losses, the total tax contingencies and legal obligations are less than the total deposits related to tax claims.

15. Equity

a) Capital

B3’s fully subscribed and paid-up capital is R$3,198,655 comprising 2,059,138,490 (1,815,000,000 at December 31, 2016) registered common shares with voting rights and no par value, including 2,038,793,709 common shares outstanding at June 30, 2017 (1,787,429,549 at December 31, 2016).

At a meeting of the Board of Directors held on March 28, 2017, a capital increase was approved through issue of 244,138,490 registered common shares with no par value, due to merger of the Holding (Note 2(d)), in the total amount of R$4,724,080, of which R$658,416 was allocated to capital and R$4,065,664 to capital reserve. Accordingly, B3's capital now totals R$3,198,655.

B3 is authorized to increase its capital up to the limit of 2,500,000,000 common shares, through a resolution of the Board of Directors, without any amendment to its Articles of Incorporation.

15. Equity (Continued)

b) Treasury shares

The changes in treasury shares for the quarter are as follows:

	Number	Amount
Balances at December 31, 2016	27,570,451	306,022
Shares sold – stock options and stock grant plan	(5,114,152)	(56,765)
Balances at March 31, 2017	**22,456,299**	**249,257**
Shares sold – stock grant plan	**(2,111,518)**	**(23,439)**
Balances at June 30, 2017	**20,344,781**	**225,818**
Average cost of treasury shares (R$ per share)		11.10
Market value of treasury shares		401,809

c) Revaluation reserves

Revaluation reserves were established as a result of the revaluation of works of art in B3 and of the properties of the subsidiary BVRJ in 2007, based on independent experts' appraisal reports.

d) Capital reserve

This refers substantially to amounts originated in the merger of Bovespa Holding shares in 2008, and other corporate events allowed by the Brazilian Corporation Law, such as (i) capital increase through merger, (ii) redemption, repayment or purchase of shares, and (iii) events associated with stock grant and stock options.

e) Income reserves

i) Legal reserve

Legal reserve is annually set up with allocation of 5% of net income for the year, capped at 20% of capital. The legal reserve aims at ensuring integrity of capital and may only be used to absorb losses and increase capital. The legal reserve is not required to be set up considering that its amount plus the capital reserves exceed 30% of the capital.

15. Equity (Continued)

e) Income reserves (Continued)

ii) Statutory reserves

Represent funds and safeguard mechanisms required for the activities of B3, in order to ensure the proper settlement and reimbursement of losses arising from the intermediation of transactions carried out in its trading sessions and/or registered in any of its trading, registration, clearing and settlement systems, and from custody services.

Pursuant to the Articles of Incorporation, the Board of Directors may, when the amount of the statutory reserve is sufficient to meet the purposes for which it was originally established, propose that part of the reserve be distributed to the shareholders of the Company.

f) Other comprehensive income

The purpose is to record the effects of (i) exchange variation of the investments abroad, (ii) hedge accounting on net foreign investment (Note 12), (iii) cash flow hedge (Note 4), (iv) comprehensive income of subsidiaries, (v) actuarial gains/losses on post-retirement health care benefits and (vi) mark-to-market of financial assets available for sale.

g) Dividends and interest on equity

As provided for in the Articles of Incorporation, shareholders are entitled mandatory minimum dividends of 25% of net income for the year, adjusted under Brazilian Corporation Law.

At the Board of Director's Meeting held on May 12, 2017, the proposal for payment to shareholders of R$140,276 was approved as interest on equity related to the 1st quarter of 2017, which was paid on June 7, 2017.

15. Equity (Continued)

h) Earnings per share

				Consolidated
Basic	**2Q 2017**	**Accumulated Balance**	**2Q 2016**	**Accumulated Balance**
Numerator				
Net income available to shareholders of B3	**163,315**	**443,867**	(114,401)	224,926
Denominator				
Weighted average number of outstanding shares	**2,038,007,420**	**1,979,041,589**	1,786,959,763	1,786,95,815
Basic earnings per share (in R$)	**0.080135**	**0.224284**	(0.064020)	0.125874

				Consolidated
Diluted	**2Q 2017**	**Accumulated Balance**	**2Q 2016**	**Accumulated Balance**
Numerator				
Net income available to shareholders of B3	**163,315**	**443,867**	(114,401)	224,926
Denominator				
Weighted average number of outstanding shares adjusted by effects of stock grant and stock option plans	**2,047,933,367**	**1,989,002,291**	1,799,919,207	1,799,813,191
Diluted earnings per share (in R$)	**0.079746**	**0.223161**	(0.063559)	0.124972

16. Transactions with related parties

a) Balances and transactions with related parties

	Assets/(liabilities)		Income / (expenses)			
			2017		2016	
Descrição	30/06/2017	31/12/2016	2nd quarter	Accumulated Balance	2nd quarter	Accumulated Balance
Banco BM&FBOVESPA de Serviços de Liquidação e Custódia S.A. (1)						
Accounts receivable	**1,045**	1,058	**-**	**-**	-	-
Interest on equity receivable	**-**	4,675	**-**	**-**	-	-
Recovery of expenses	**-**	-	**3,073**	**6,338**	2,817	5,715
Income from fees	**-**	-	**5**	**10**	7	13
BM&F (USA) Inc. (1)						
Accounts payable	**(68)**	(67)	**-**	**-**	-	-
Sundry expenses	**-**	-	**(379)**	**(633)**	(247)	(678)
BM&FBOVESPA (UK) Ltd. (1)						
Sundry Expenses	**-**	-	**(816)**	**(1,196)**	(334)	(856)
Bolsa de Valores do Rio de Janeiro (1)						
Accounts receivable	**3**	11	**-**	**-**	-	-
Recovery of expenses	**-**	-	**9**	**23**	4	9
BM&FBOVESPA Supervisão de Mercados						
Accounts receivable	**97**	270	**-**	**-**	-	-
Accounts payable	**(222)**	(115)	**-**	**-**	-	-
Donation and contribution	**-**	-	**(1,056)**	**(1,932)**	(969)	(2,459)
Recovery of expenses	**-**	-	**782**	**1,510**	718	1,352
Associação BM&F						
Accounts receivable	**5**	4	**-**	**-**	-	-
Accounts payable	**-**	(10)	**-**	**-**	-	-
Recovery of expenses	**-**	-	**14**	**28**	23	41
Expenses with courses	**-**	-	**(466)**	**(481)**	(555)	(607)
Donation and sponsorship	**-**	-	**-**	**(1,400)**	-	(15)
CETIP S.A. - Mercados Organizados (1)						
Suppliers	**(128)**	-	**-**	**-**	-	-
Revenue to be allocated	**(34)**	-	**-**	**-**	-	-
Interest on equity receivable	**23,630**	-	**-**	**-**	-	-
Revenue from anual fees	**-**	-	**18**	**18**	-	-
Expenses with custody	**-**	-	**(371)**	**(382)**	-	-
Interest on Equity (IOE)	**-**	-	**27,800**	**27,800**	-	-
Outras partes relacionadas						
Accounts receivable	**17**	20	**-**	**-**	-	-
Accounts payable	**-**	(132)	**-**	**-**	-	-
Recovery of expenses	**-**	-	**47**	**96**	46	80
Donations	**-**	-	**-**	**(60)**	-	-
Sundry expenses	**-**	-	**(215)**	**(810)**	(1,139)	(1,547)

(1) Subsidiaries included in the consolidation process.

16. Transactions with related parties (Continued)

a) Transactions and balances with related parties (Continued)

B3 follows a policy on transactions with related parties, approved by the Board of Directors, which aims to establish rules to ensure that all decisions involving related-party transactions and other situations of potential conflict of interest are taken to the interests of B3and its shareholders.

The main recurring transactions with related parties are described below and were carried out under the following conditions:

- The amounts owed by Banco BM&FBOVESPA to B3 refer to the Company's funds used by Banco BM&FBOVESPA in performing its activities under a formal agreement signed by the parties.
- BM&FBOVESPA Supervisão de Mercados - BSM has entered into an agreement with B3 for the transfer and recovery of costs, which establishes the reimbursement to B3 for expenses incurred for resources and infrastructure made available to BSM to assist in the performance of its supervision activities. Such costs are determined on a monthly basis using the methodology specified in the agreement signed by the parties and also include the activities related to the Mecanismo de Ressarcimento de Prejuízos (Loss Recovery Mechanism), as this mechanism is administered by BSM.

  B3 makes transfers in order to supplement financing for the activities of BSM and regular transfers of fines for failure to settle debts and deliver assets by BSM, as set out in Circular Letter No. 044/2013 of B3.
- B3 monthly pays BM&F (USA) Inc. and BM&FBOVESPA (UK) Ltd. for representing it abroad by liaising with other exchanges and regulators and assisting in bringing new clients to the Brazilian capital market.
- Associação BM&F, Associação Bovespa, Instituto BM&FBOVESPA and Associação Profissionalizante BM&FBOVESPA periodically reimburse B3 for expenses associated with the resources and infrastructure provided by B3 to assist them in performing their activities.
- B3 pays the cost of courses taken by its employees directed to the financial and capital markets offered by Instituto Educacional BM&FBOVESPA, administered by Associação BM&F.

16. Transactions with related parties (Continued)

a) Transactions and balances with related parties (Continued)

- Sundry expenses with other related parties consist mainly of lawyer's services provided by law firm Barbosa Mussnich Aragão - Advogados (BMA) in the operation with Cetip. Management understood that law firm BMA is a related party, since one of its partners is member of the Board of Directors of B3. The engagement was in line with the criteria set by the related party policy and other situations involving conflict of interest of B3.
- B3 pays CETIP on a monthly basis for services related to maintenance registration of assets and derivatives. CETIP pays B3 annual fees for maintenance of the listing registration with B3, for trading of its securities on the stock market.

In addition to the transactions with related parties, within the context of the operation with Cetip and under the terms of its policy for related parties and other situations involving potential conflict of interest, B3 contracted services provided by companies whose managers are also members of the B3's Board of Directors. The services were contracted under normal market conditions. The company contracted is Banco Bradesco BBI S/A, with expenses totaling R$1,966.

b) Key management personnel compensation

Key management personnel include Members of the Board of Directors, Executive Officers, Internal Audit Officer, Corporate Risk Officer, Officer of Banco BM&FBOVESPA and Human Resources Officer.

	2Q 2017	Accumulated Balance	2Q 2016	Accumulated Balance
Management fees				
Short-term benefits (salaries, profit sharing, etc.)	**9,912**	**19,848**	7,537	15,606
Share-based payment (1)	**14,398**	**23,882**	10,118	22,913
Rescission pay benefits (2)	**69,101**	**97,942**	19,338	19,338

(1) This refers to expenses computed in the period relating to share-based payment, increased by labor and social security charges, and stock options of key management personnel. These expenses were recognized according to the criteria described in Note 18.

(2) Refers to the rescission benefits of key management personnel (anticipation of the Stock Grant Plan).

17. Collateral for transactions

B3 operating as a central counterparty (CCP) manages four clearinghouses considered systemically important by the Central Bank of Brazil: B3 (former Derivatives Clearinghouse), Foreign Exchange and Securities Clearinghouses and the Equity and Corporate Debt Clearinghouse (CBLC).

In its Circular Letter No. 046/2014, dated August 7, 2014, the Central Bank of Brazil granted B3 authorization to operate its new clearinghouse, the B3 Clearinghouse. The new clearinghouse is part of the post-trade integration (IPN) project, an initiative adopted by B3 to start an integrated clearinghouse that will consolidate the activities performed by the four clearinghouses.

The activities of BM&FBOVESPA Clearinghouse will be limited, in this first phase of the project, to the financial derivative and commodity market and gold market, including exchange-traded and OTC contracts.

On March 5, 2014, according to B3 Circular Letter No. 003/2014, new versions of B3 Clearinghouses rules became effective, aiming towards convergence with international capital requirement rules under Basel III Accord by financial institutions subject to credit risk of clearinghouses. These changes were approved by BACEN in January 2014.

The operations in the B3 markets are secured by margin deposits in cash, government and corporate securities, letters of guarantee and shares among others. The guarantees received in cash, in the amount of R$1,798,752 (R$1,653,835 at December 31, 2016), are recorded as a liability under “Collateral for transactions” and other non-cash collaterals, in the amount of R$276,060,052 (R$264,899,075 at December 31, 2016), are recorded in memorandum accounts. At June 30, 2017, collaterals amounted to R$277,858,804 (R$266,552,910 at December 31, 2016), as follows:

17. Collateral for transactions (Continued)

a) Collaterals deposited by participants

	06/30/2017			
	BM&FBOVESPA Clearinghouse	**Equity and Corporate Debt Clearinghouse (CBLC)**	**Foreign Exchange Clearinghouse**	**Assets Clearinghouse**
Government securities	**183,197,754**	**34,402,704**	**7,486,031**	**106,937**
Letters of guarantee	**1,875,318**	**338,325**	**-**	**-**
Shares	**5,047,789**	**37,605,528**	**-**	**-**
International securities (1)	**-**	**4,596,290**	**-**	**-**
Bank Deposit Certificates (CDBs)	**913,149**	**321,628**	**-**	**-**
Cash amounts deposited	**1,477,082**	**116,978**	**198,492**	**-**
Gold	**9,637**	**4,879**	**-**	**-**
Other	**51,366**	**108,917**	**-**	**-**
Total	**192,572,095**	**77,495,249**	**7,684,523**	**106,937**

	12/31/2016			
	BM&FBOVESPA Clearinghouse	**Equity and Corporate Debt Clearinghouse (CBLC)**	**Foreign Exchange Clearinghouse**	**Assets Clearinghouse**
Government securities	160,398,544	46,358,618	6,191,501	100,196
Letters of guarantee	1,695,568	559,700	-	-
Shares	5,036,052	37,200,918	-	-
International securities (1)	-	5,557,198	-	-
Bank Deposit Certificates (CDBs)	1,168,940	344,193	-	-
Cash amounts deposited	1,352,920	137,760	162,955	-
Gold	8,557	4,942	-	-
Other	44,646	229,702	-	-
Total	169,705,227	90,393,031	6,354,456	100,196

(1) American and German government securities as well as ADRs (American Depositary Receipts).

17. Collateral for transactions (Continued)

b) Other safeguard mechanisms

i) BM&FBOVESPA Clearinghouse

- Joint liability for paying the broker and clearing member that acted as intermediaries, as well as collaterals deposited by such participants.
- Minimum Non-operating Collateral, composed of collaterals transferred by BM&FBOVESPA clearing members and by full trading participants, intended to guarantee the transactions. Minimum Non-operating Collateral is broken down as follows:

Breakdown	**06/30/2017**	**12/31/2016**
Government securities	**760,137**	707,468
Letters of guarantee	**62,800**	82,930
Bank Deposit Certificates (CDBs)	**2,341**	2,391
Cash amounts deposited	**6,000**	-
Amounts deposited	**831,278**	792,789
Amounts required of participants	**582,000**	582,000
Amount in excess of the minimum required	**249,278**	210,789

- *Fundo de Liquidação* (Settlement Fund), comprising collaterals transferred by clearing members and B3 funds. This fund is broken down as follows:

Breakdown	**06/30/2017**	**12/31/2016**
Government securities	**684,799**	961,722
Letters of guarantee	**24,000**	26,200
Amounts deposited	**708,799**	987,922
Amounts required of participants	**292,000**	296,000
Amount required of B3 (1)	**292,000**	296,000
Amount in excess of the minimum required	**124,799**	395,922

(1) Comprising government securities.

- *Patrimônio Especial* (Special equity), in the amount of R$69,430 (R$65,681 at December 31, 2016), in compliance with the provisions of article 5 of Law No. 10214 of March 27, 2001 and article 19 of BACEN Circular No. 3057 of August 31, 2001.

17. Collateral for transactions (Continued)

b) Other safeguard mechanisms (Continued)

ii) Equity and Corporate Debt Clearinghouse (CBLC)

- Joint liability for paying the broker and clearing member that acted as intermediaries, as well as collaterals deposited by such participants.
- *Fundo de Liquidação* (Settlement Fund), composed of collaterals transferred by clearing members and B3 funds, intended to guarantee the proper settlement of transactions.

Breakdown	06/30/2017	12/31/2016
Government securities	**704,256**	991,383
Amounts deposited	**704,256**	991,383
Amounts required of participants	**304,300**	296,400
Amount required of B3 (1)	**304,300**	296,400
Amount in excess of the minimum required	**95,656**	398,583

(1) Comprising government securities.

- *Patrimônio Especial* (Special equity), in the amount of R$74,214 (R$70,208 at December 31, 2016), in compliance with the provisions of article 5 of Law No. 10214 of March 27, 2001 and article 19 of BACEN Circular No. 3057 of August 31, 2001.

iii) Foreign Exchange Clearinghouse

- *Fundo de Liquidação de Operações de Câmbio*, formerly Fundo de Participação, composed of collaterals transferred by Foreign Exchange Clearinghouse participants and B3 funds, intended to guarantee the proper settlement of transactions.

Breakdown	06/30/2017	12/31/2016
Government securities	**443,109**	543,479
Cash amounts deposited	**200**	200
Amounts deposited	**443,309**	543,679
Amounts required of participants	**108,950**	108,900
Amount required of B3 (1)	**108,950**	108,900
Amount in excess of the minimum required	**225,409**	325,879

(1) Comprising government securities.

17. Collateral for transactions (Continued)

b) Other safeguard mechanisms (Continued)

iii) Foreign Exchange Clearinghouse (Continued)

- *Patrimônio Especial* (Special equity), in the amount of R$69,534 (R$65,781 at December 31, 2016), in compliance with the provisions of article 5 of Law No. 10214 of March 27, 2001 and article 19 of BACEN Circular No. 3057 of August 31, 2001.

iv) Assets Clearinghouse

- *Fundo Operacional da Clearing de Ativos*, in the amount of R$40,000 at June 30, 2017 and December 31, 2016, intended to hold funds of B3 to cover losses arising from participants' operational or administrative failures.
- *Patrimônio Especial* (Special equity), in the amount of R$48,890 (R$46,249 at December 31, 2016), in compliance with the provisions of article 5 of Law No. 10214 of March 27, 2001 and article 19 of BACEN Circular No. 3057 of August 31, 2001.

(v) Special equity of CETIP

CETIP maintains short-term investments in compliance with Law No. 10214 of March 27, 2001 and Circular No. 3057 of August 31, 2001, of the Central Bank of Brazil, which provide that the clearing houses and providers of clearing and custody services shall maintain a reserve in government securities, in the minimum amount of R$10,000. These investments constitute the special equity of CETIP and are recorded in a restricted account in the Special System for Settlement and Custody (SELIC), in the amount of R$71,365.

18. Employee benefits

a) Stock Grant - long-term benefit

B3 recognized expenses related to Stock Grant Plan in the amount of R$59,964 for the six-month period (R$31,641 at June 30, 2016) and R$34,842 for the quarter (R$18,578 in 2016), matched against capital reserves in equity, based on the fair value of the share at the grant date of the plans. B3 also recognized charges as personnel expenses in the amount of R$32,002 for the six-month period (R$29,315 in 2016) and R$12,119 for the quarter (R$18,224 in 2016), calculated based on the fair value of the share at June 30, 2017.

B3 records the expenses relating to the Stock Grant Program which were granted for replacement of unvested options of the Stock Option Plan, for the same fair value of options previously granted, in accordance with CPC 10 (R1)/IFRS 2.

18.Employee benefits (Continued)

a) Stock Grant - long-term benefit (Continued)

Stock Grant – Summary/changes

Program	Conversion/grant date	Vesting	Number of shares at 12/31/2016	New programs	Transferred in 2Q 2017	Canceled in 2Q 2017	Outstanding share contracts at 06/30/2017	Fair value of shares on the grant date (R$ per share)	Dilution percentage (1)
Stock Grant – Converted Options	01/05/2015	01/05/2017	1,651,894	-	(1,651,894)	-	-	9.22	0.00%
	01/05/2015	01/05/2018	955,300	-	(110,489)	(832)	843,979	9.22	0.04%
			2,607,194	-	(1,762,383)	(832)	843,979		
Stock Grant – Additional Converted Options	01/05/2015	01/05/2017	1,201,696	-	(1,201,696)	-	-	9.22	0.00%
	01/05/2015	01/05/2018	413,470	-	-	-	313,633	9.22	0.02%
	01/05/2015	01/07/2019	719,178	-	(99,837)	-	719,178	9.22	0.04%
			2,334,344	-	(1,301,533)	-	1,032,811		
Stock Grant - Program 2014	01/02/2015	01/02/2017	849,751	-	(849,751)	-	-	9.50	0.00%
	01/02/2015	01/02/2018	808,692	-	(91,185)	(790)	716,717	9.50	0.04%
	01/02/2015	01/02/2019	808,686	-	(91,185)	(789)	716,712	9.50	0.04%
			2,467,129	-	(1,032,121)	(1,579)	1,433,429		
Stock Grant – Additional Program 2014	01/02/2015	01/02/2017	340,686	-	(340,686)	-	-	9.50	0.00%
	01/02/2015	01/02/2018	340,673	-	(30,728)	-	309,945	9.50	0.02%
			681,359	-	(371,414)	-	309,945		
Stock Grant – Board of Directors Grant 2014	01/02/2015	04/30/2017	172,692	-	(134,316)	-	38,376	9.50	0.00%
			172,692	-	(134,316)	-	38,376		
Stock Grant - Program 2015	01/08/2016	01/13/2017	785,910	-	(785,910)	-	-	10.52	0.00%
	01/08/2016	01/15/2018	785,888	-	(85,195)	(713)	699,980	10.52	0.03%
	01/08/2016	01/14/2019	785,847	-	(85,193)	(713)	699,941	10.52	0.03%
	01/08/2016	01/13/2020	785,826	-	(85,191)	(712)	699,923	10.52	0.03%
			3,143,471	-	(1,041,489)	(2,138)	2,099,844		
Stock Grant – Additional Program 2015	01/08/2016	01/13/2017	259,634	-	(259,634)	-	-	10.52	0.00%
	01/08/2016	01/15/2018	259,634	-	(6,460)	-	253,174	10.52	0.01%
	01/08/2016	01/14/2019	259,624	-	(6,460)	-	253,164	10.52	0.01%
			778,892	-	(272,554)	-	506,338		
Stock Grant – Board of Directors Grant 2015	01/08/2016	04/30/2019	172,697	-	-	-	172,697	10.52	0.01%
			172,697	-	-	-	172,697		

18. Employee benefits (Continued)

a) Stock Grant - long-term benefit (Continued)

Stock Grant – Summary/changes

Program	Conversion/grant date	Vesting	Number of shares at 12/31/2016	New programs	Transferred in 2Q 2017	Canceled in 2Q 2017	Outstanding share contracts at 06/30/2017	Fair value of shares on the grant date (R$ per share)	Dilution percentage (1)
Stock Grant - Program 2016	01/06/2017	01/15/2018	-	531,706	(45,090)	(440)	486,176	17.05	0.02%
	01/06/2017	01/15/2019	-	531,690	(45,089)	(440)	486,161	17.05	0.02%
	01/06/2017	01/15/2020	-	531,649	(45,088)	(440)	486,121	17.05	0.02%
	01/06/2017	01/15/2021	-	531,606	(45,084)	(440)	486,082	17.05	0.02%
			-	2,126,651	(180,351)	(1,760)	1,944,540		
Stock Grant – Additional Program 2016	01/06/2017	01/15/2018	-	310,263	(31,234)	-	279,029	17.05	0.01%
	01/06/2017	01/15/2019	-	310,263	(31,234)	-	279,029	17.05	0.01%
	01/06/2017	01/15/2020	-	310,246	(31,232)	-	279,014	17.05	0.01%
			-	930,772	(93,700)	-	837,072		
Stock Grant – Board of Directors Grant 2016	01/06/2017	04/30/2019	-	172,696	-	-	172,696	17.05	0.01%
			-	172,696	-	-	172,696		
Stock Grant programs			**12,357,778**	**3,230,119**	**(6,189,861)**	**(6,309)**	**9,391,727**		**0.46%**

(1) The number of outstanding shares at June 30, 2017 is 2,038,793,709.

18. Employee benefits (Continued)

a) Stock Grant - long-term benefit (Continued)

Effects arising from transfer of shares

At June 30, 2017, cost of shares transfers related to Stock Grant amounted to R$79,838 (R$58,744 at June 30, 2016).

Pricing model

Stock Grant

For options granted under the Stock Grant, the fair value corresponds to the option closing price on the grant date.

Share-based payment

As for cash-settled share-based compensation programs, fair value payable to the Company officers is recognized as an expense together with a corresponding increase in liabilities for the period in which the officers acquire the right to payment. The liability is remeasured again at each balance sheet date and at settlement date. Changes, if any, in the fair value of liabilities are recognized as personnel expenses in the income statement.

Antecipated vesting – CETIP long-term incentives

In the context of the business combination between B3 and CETIP (Note 2(d)), long-term incentive programs granted to CETIP employees were advanced and subsequently cancelled by means of compensation paid in cash, duly recorded under “Payroll obligations and related charges" plus social charges thereon, amounting to R$294,621 at June 30, 2017. For financial statement consolidation purposes, referred to amount was included in the equity base of CETIP used for preparation of the Purchase Price Allocation (PPA).

b) Stock options - Long-term benefit

Pursuant to the Notice to the Market published on February 4, 2015, B3 decided to offer to the beneficiaries of the Company’s Stock Option Plan the following choices: (i) remaining as holders of their Options, or (ii) cancelling their outstanding Options and receiving an amount in cash with respect to those Options which had already vested (“Vested Options”), or receiving shares of the Company, to be transferred on future dates, with respect to those Options which had not yet vested (“Non-vested Options”).

18. Employee benefits (Continued)

b) Stock options - Long-term benefit (Continued)

Nearly all of the beneficiaries opted for their share cancellation and the shares received with respect to the cancellation of Non-vested Options were subject to the Stock Grant Plan approved by the Company in an Extraordinary General Meeting on May 13, 2014.

B3 entered into commitments with beneficiaries to hold them harmless from any potential liabilities related to Stock Options. At June 30, 2017, the potential liabilities are recognized for R$29,762 (R$27,017 at December 31, 2016).

Effects arising from the exercise of options

At June 30, 2017, the amount received from the exercise of options totals R$360 and the cost of treasury shares disposed of amounts to R$366. For the first quarter of 2016, there were no effects arising from the exercise of options.

Pricing model

Major assumptions considered in pricing options are as follows:

(a) Options were evaluated considering the market parameters in force on every grant date of different Stock Option Programs;

(b) To estimate the risk-free interest rate, the future interest contracts negotiated for the maximum exercise period of each option were considered; and

(c) The maximum exercise period of options granted in each Stock Option Program was considered to be the maturity term.

Other usual assumptions related to option pricing models, such as inexistence of arbitrage opportunities and constant volatility over time were also considered in the calculation.

c) Supplementary pension plan

B3 and CETIP are sponsors of private pension plans structured as a defined contribution (DC) plan (Mercaprev and Itaú Fundo Multipatrocinado, respectively), with voluntary participation open to all employees.

18. Employee benefits (Continued)

d) Post-employment health care benefit

B3 maintains a post-retirement health care plan for a group of employees and former employees. At June 30, 2017, the actuarial liabilities related to this plan amounted to R$22,282, calculated using the following assumptions:

	2016	2015
Discount rate	**5.7% p.a.**	7.3% p.a.
Economic inflation	**5.0% p.a.**	5.0% p.a.
Medical inflation	**3.0% p.a.**	3.0% p.a.
Mortality table	**AT-2000**	AT-2000

Average life expectancy in years of a pensioner retiring at age 65 is as follows:

Retirement at balance sheet date (age 65)	20 years
Retirement in 25 years (age 40 today)	20 years

There are no changes related to sensitivity of actuarial liabilities for the main assumptions reported at December 31, 2016.

	Increase of 0.5%	Decrease of 0.5%
Discount rate	19,664	(22,651)
Medical inflation	22,637	(19,666)

	Life expectancy + 1	Life expectancy - 1
Mortality table	22,123	(20,069)

B3 is responsible for selecting the plan's accounting policies, methods and assumptions and is solely responsible for any necessary changes to such rules.

19. Income tax and social contribution

a) Deferred income tax and social contribution – Changes (Continued)

The balances and changes of deferred tax assets and liabilities are as follows:

	B3			
	12/31/2016	**(Debt) credit in the income statement**	**(Debt) credit in the statement of comprehensive income**	**06/30/2017**
Deferred tax assets				
Tax, civil and labor contingencies	106,482	8,442	-	**114,924**
Deferred tax assets on tax loss carryforwards	68,992	198,720	-	**267,712**
Effect of exchange rate variation on shares abroad	14,022	-	(4,035)	**9,987**
Mark to market	138,013	(138,013)	-	**-**
Impairment	-	22,273	-	**22,273**
Amortization/Depreciation Goodwil	-	61,856	-	**61,856**
Other temporary differences	89,381	(837)	-	**88,544**
Deferred tax liabilities				
Goodwill amortization (1)	(3,375,874)	(266,107)	-	**(3,641,981)**
MTM - shares abroad	(1,498)	(12,629)	(1,978)	**(16,105)**
Effect of exchange rate variation on shares abroad	(5,866)	-	(438)	**(6,304)**
Other temporary differences	(9,777)	(601)	-	**(10,378)**
Deferred taxes, net	(2,976,125)	(126,896)	(6,451)	**(3,109,472)**

	Consolidated				
	12/31/2016	**(Debt) credit in the income statement**	**(Debt) credit in the statement of comprehensive income**	**Acquisition of subsidiary**	**06/30/2017**
Deferred tax assets					
Tax, civil and labor contingencies	106,482	11,498	-	82,554	**200,534**
Deferred tax assets on tax loss carryforwards	68,992	198,720	-	-	**267,712**
Effect of exchange rate variation on shares abroad	14,022	-	(4,305)	-	**9,987**
Provision for profit sharing	-	4,335	-	4,301	**8,636**
Mark to market	138,013	(137,819)	-	377	**571**
Impairment	-	22,273	-	-	**22,273**
Amortization/depreciation of surplus value	-	61,856	-	-	**61,856**
Revenues to be allocated	-	262	-	23,827	**24,089**
Other temporary differences	89,381	(47,310)	-	74,304	**116,375**
Deferred tax liabilities					
Goodwill amortization (1)	(3,375,874)	(266,107)	-	-	**(3,641,981)**
MTM - shares abroad	(1,498)	(12,629)	(1,978)	-	**(16,105)**
Effect of exchange rate variation on shares abroad	(5,866)	-	(438)	-	**(6,304)**
Research and development of technological innovation	-	1,711	-	(15,556)	**(13,845)**
MTM of financial instruments	-	-	345	(6,825)	**(6,480)**
Other temporary differences	(9,777)	18,708	-	(54,230)	**(45,299)**
Deferred taxes, net	(2,976,125)	(144,502)	(6,106)	108,752	**(3,017,981)**

19. Income tax and social contribution (Continued)

a) Deferred income tax and social contribution – Changes (Continued)

(1) Deferred income tax and social contribution liabilities arising from temporary differences between the tax base of goodwill and its carrying amount on the balance sheet, considering that goodwill is still amortized for tax purposes, but is no longer amortized for accounting purposes as from January 1, 2009, resulting in a tax base smaller than the carrying amount of goodwill. This temporary difference may result inamounts becoming taxable in future periods, when the carrying amount of the asset will be reduced or settled, this requiring the recognition of a deferred tax liability.

b) Estimated realization period

Deferred tax assets arising from temporary differences are recorded in the books taking into consideration their probable realization, based on projections of future results prepared based on internal assumptions and future economic scenarios that may, accordingly, not materialize as expected.

Deferred tax assets (including tax loss carryforwards of R$267,712) are expected to be realized in the amount of R$132,260 within one year and R$433,036 after one year and realization of deferred tax liabilities is expected to occur after one year. At June 30, 2017, the present value of the deferred tax assets considering their expected realization is R$297,803.

Since the income tax and social contribution base arises not only from the profit that may be generated, but also from the existence of nontaxable income, nondeductible expenses, tax incentives and other variables, there is no immediate correlation between B3 net income and the income subject to income tax and social contribution. Therefore, the expected use of tax assets should not be considered as the only indicator of future income of B3.

The balance of goodwill that is deductible for income tax and social contribution purposes is R$782,668 at June 30, 2017 (R$1,565,336 at December 31, 2016).

The realization of the deferred tax liabilities will occur as the difference between the tax base of goodwill and its carrying amount is reversed, that is, when the carrying amount of the asset is either reduced or settled.

19. Income tax and social contribution (Continued)

c) Reconciliation of income tax and social contribution expense

Reconciliation of the income tax and social contribution amounts recorded in P&L (Company and consolidated) and their respective amounts at statutory rates is as under:

				B3
	2Q 2017	**Accumulated Balance**	**2Q 2016**	**Accumulated Balance**
Income before income tax and social contribution	**195,850**	**623,392**	(115,307)	404,263
Income tax and social contribution before additions and exclusions computed at the statutory rate of 34%	**(66,589)**	**(211,953)**	39,204	(137,449)
Additions:	**(60,290)**	**(64,797)**	(97,311)	(102,206)
Stock option and stock grant plan	**-**	**(561)**	(22)	(301)
Nondeductible expenses - permanent	**(233)**	**(4,179)**	1,936	8,281
IR impairment - CME	**-**	**-**	(99,225)	(99,225)
Dividends received abroad	**-**	**-**	-	(10,961)
Enrollment with PERT (Note 14 (f))	**(60,057)**	**(60,057)**	-	-
Exclusions:	**94,350**	**97,225**	59,193	60,492
Equity pickup	**46,656**	**49,531**	1,508	2,807
Interest on Equities	**47,694**	**47,694**	57,685	57,685
Other	**(6)**	**-**	(180)	(174)
Income tax and social contribution	**(32,535)**	**(179,525)**	906	(179,337)
Effetctive rate	**16.61%**	**28.80%**	0.79%	44.36%

19. Income tax and social contribution (Continued)

c) Reconciliation of income tax and social contribution expense (Continued)

				Consolidated
	2Q 2017	Accumulated Balance	2Q 2016	Accumulated Balance
Income before income tax and social contribution	**241,267**	**671,776**	(112,602)	409,412
Income tax and social contribution before additions and exclusions computed at the statutory rate of 34%	**(82,031)**	**(228,404)**	38,285	(139,200)
Additions:	**(43,579)**	**(47,054)**	(97,331)	(102,386)
Stock option and stock grant plan	**-**	**(561)**	(22)	(301)
Nondeductible expenses - permanent	**1,599**	**(1,315)**	1,916	8,101
Exchange variation on investment CETIP Lux	**14,879**	**14,879**	-	-
IR impairment - CME	**-**	**-**	(99,225)	(99,225)
Dividends received abroad	**-**	**-**	**-**	(10,961)
Enrollment with PERT (Note 14 (f))	**(60,057)**	**(60,057)**	**-**	-
Exclusions:	**47,858**	**47,862**	57,685	57,685
Equity pickup	**164**	**168**	-	-
Interest on Equities	**47,694**	**47,694**	57,685	57,685
Other	**(35)**	**(29)**	(180)	(174)
Income tax and social contribution	**(77,787)**	**(227,625)**	(1,541)	(184,075)
Effetive rate	**32.24%**	**33.88%**	-1.37%	44.96%

d) Taxes recoverable and prepaid

Taxes recoverable and prepaid are as follows:

	B3		Consolidated	
Description	**06/30/2017**	**12/31/2016**	**06/30/2017**	**12/31/2016**
IRRF - Financial investments - current year	**154,837**	146,828	**156,239**	146,828
IRPJ and CSLL tax losses - prior years	**172,389**	22,749	**195,133**	22,749
Recoverable taxes paid abroad	**38,158**	(2,352)	**40,944**	(2,352)
PIS/COFINS recoverable	**1,317**	1,541	**1,317**	1,541
Other taxes	**28,549**	10,787	**28,675**	10,928
Total	**395,250**	179,553	**422,308**	179,694

20. Revenues

				B3
	2Q 2017	Accumuated Balance	2Q 2016	Accumulated Balance
Trading and/or settlement system - BM&F	**285,172**	**535,728**	272,271	550,007
Derivatives	**280,577**	**526,099**	266,805	539,113
Foreign exchange	**4,595**	**9,629**	5,466	10,894
Trading and/or settlement system – Bovespa	**270,498**	**542,891**	238,998	463,130
Trading – trading fees	**43,131**	**87,197**	38,312	74,331
Transactions - clearing and settlement	**221,833**	**444,143**	196,078	379,782
Other	**5,534**	**11,551**	4,608	9,017
Other revenues	**129,955**	**259,891**	114,914	227,000
Securities lending	**22,888**	**49,879**	24,329	47,485
Securities listing	**13,990**	**28,468**	12,915	26,470
Depository, custody and back-office	**55,216**	**106,071**	42,592	79,057
Trading participant access	**8,735**	**17,065**	9,338	19,117
Vendors - quotations and market information	**27,139**	**53,057**	24,197	51,495
Other	**1,987**	**5,351**	1,543	3,376
Deductions	**(71,826)**	**(138,143)**	(62,633)	(123,774)
PIS and COFINS	**(61,849)**	**(118,553)**	(54,349)	(107,374)
Service Tax	**(9,977)**	**(19,590)**	(8,284)	(16,400)
Revenues	**613,799**	**1,200,367**	563,550	1,116,363

20. Revenues (Continued)

	Consolidated			
	2Q 2017	Accumuated Balance	2Q 2016	Accumulated Balance
Trading and/or settlement system - BM&F	**285,167**	**535,718**	272,258	549,994
Derivatives	**280,577**	**526,099**	266,805	539,113
Foreign exchange	**4,590**	**9,619**	5,453	10,881
Trading and/or settlement system – Bovespa	**270,498**	**542,891**	238,998	463,130
Trading - trading fees	**43,131**	**87,197**	38,312	74,331
Transactions - clearing and settlement	**221,833**	**444,143**	196,078	379,782
Other	**5,534**	**11,551**	4,608	9,017
Marketable securities segment (UTVM) - CETIP	**277,757**	**286,085**	-	-
Registration	**28,657**	**29,460**	-	-
Custody	**124,634**	**128,258**	-	-
Monthly use	**61,196**	**62,638**	-	-
Transactions	**35,916**	**37,483**	-	-
Other service revenues	**27,354**	**28,246**	-	-
Financing Segment (UFIN) - CETIP	**104,388**	**107,715**	-	-
SNG	**38,523**	**39,728**	-	-
Contract system	**48,547**	**50,130**	-	-
Market data and development of solutions	**16,985**	**17,512**	-	-
Other service revenues - financing	**333**	**345**	-	-
Other revenues	**141,395**	**283,298**	126,595	250,114
Securities lending	**22,888**	**49,879**	24,329	47,485
Securities listing	**13,990**	**28,468**	12,915	26,470
Depository, custody and back-office	**55,216**	**106,071**	42,592	79,057
Trading participant access	**8,735**	**17,065**	9,338	19,117
Vendors - quotations and market information	**27,139**	**53,057**	24,197	51,495
Bank - Financial intermediation and bank fees	**9,736**	**19,969**	9,574	18,900
Other	**3,691**	**8,789**	3,650	7,590
Deductions	**(108,302)**	**(176,471)**	(63,377)	(125,256)
PIS and COFINS	**(91,150)**	**(149,339)**	(54,967)	(108,600)
Service Tax	**(17,152)**	**(27,132)**	(8,410)	(16,656)
Revenues	**970,903**	**1,579,236**	574,474	1,137,982

21. Related to the combination with CETIP

	B3			
	2017		2016	
Description	**2nd quarter**	**Accumulated Balance**	**2nd quarter**	**Accumulated Balance**
Advisors and trademark	**23,656**	**38,370**	47,785	48,792
Integration, rescissions for capturing synergies	**50,340**	**81,058**	-	-
Rescission/retention packages approved at the ASGM held on 04/28/17	**70,756**	**70,756**	-	-
Total	**144,752**	**190,184**	47,785	48,792

	Consolidated			
	2017		2016	
Description	**2nd quarter**	**Accumulated Balance**	**2nd quarter**	**Accumulated Balance**
Advisors and trademark	**24,093**	**38,807**	47,785	48,792
Integration, rescissions for capturing synergies	**50,478**	**81,196**	-	-
Rescission/retention packages approved at the ASGM held on 04/28/17	**70,756**	**70,756**	-	-
Total	**145,327**	**190,759**	47,785	48,792

22. Sundry expenses

	B3			
Description	**2Q 2017**	**Accumulated Balance**	**2Q 2016**	**Accumulated Balance**
Electricity, water and sewage	**4,623**	**9,326**	4,750	9,844
Contributions and donations	**1,883**	**3,893**	1,010	4,061
Travel	**834**	**1,258**	1,205	1,790
Expenses with sundry provisions (1)	**11,861**	**25,217**	5,877	9,136
Expenses with entities abroad	**1,195**	**1,829**	581	1,534
Rental	**453**	**919**	650	1,227
Consumption material	**289**	**466**	127	268
Insurance	**314**	**532**	263	396
Transportation	**274**	**487**	220	335
Incentive program – cash market	**1,329**	**2,726**	2,254	4,179
Other	**2,395**	**3,403**	772	1,325
Total	**25,450**	**50,056**	17,709	34,095

	Consolidated			
Description	**2Q 2017**	**Accumulated Balance**	**2Q 2016**	**Accumulated Balance**
Electricity, water and sewage	**5,114**	**10,012**	4,839	10,010
Contributions and donations	**2,197**	**4,248**	1,035	4,111
Travel	**1,343**	**1,854**	1,285	1,900
Expenses with sundry provisions (1)	**20,456**	**34,431**	5,954	9,934
Rental	**3,431**	**4,026**	701	1,372
Consumption material	**504**	**692**	137	282
Insurance	**398**	**622**	263	396
Transportation	**641**	**864**	224	340
Incentive program – cash market	**1,329**	**2,726**	2,255	4,180
Other	**2,800**	**4,581**	788	1,369
Total	**38,213**	**64,056**	17,481	33,894

(1) Basically refers to the provision for tax, civil and labor contingencies, provision for attorneys' success fees (Note 14) and allowance for doubtful accounts.

23. Financial result

	B3			
	2Q 2017	Accumulated Balance	2Q 2016	Accumulated Balance
Financial income				
Income from financial assets measured at fair value	**193,093**	**599,347**	278,577	416,964
Exchange rate variation	**634**	**6,473**	5,966	66,718
Other financial income	**3,465**	**7,115**	3,876	7,411
Dividends on foreign equity	**9,840**	**10,038**	7,234	39,471
(-)PIS and COFINS on financial income (1)	**(9,016)**	**(27,923)**	(13,075)	(20,005)
	198,016	**595,050**	282,578	510,559
Financial expenses				
Interest – debt abroad	**(34,214)**	**(64,999)**	(29,983)	(68,324)
Exchange rate variation	**(599)**	**(7,794)**	(17,994)	(45,723)
Fair value hedge	**(11,898)**	**(91,747)**	-	-
Income from cash flow hedging instruments	**-**	**(3,287)**	-	-
Marked-to-market of Non-Deliverable Forwards (NDF)	**(2,020)**	**(6,836)**	(58,532)	(59,446)
Funding interest - debentures	**(82,051)**	**(178,259)**	-	-
Funding interest - loans	**(2,073)**	**(4,807)**	-	-
Atualização CDI – Resgate de Ações Preferenciais	**(76,855)**	**(76,855)**	-	-
Other financial expenses	**(33,741)**	**(48,815)**	(22,964)	(24,694)
	(243,541)	**(483,399)**	(129,473)	(198,187)
Disposal of CME Group shares	**-**	**-**	(572,800)	(572,800)
Financial result	**(45,435)**	**111,651**	(419,695)	(260,428)

	Consolidated			
	2Q 2017	Accumulated Balance	2Q 2016	Accumulated Balance
Financial income				
Income from financial assets measured at fair value	**222,313**	**631,416**	280,299	420,266
Exchange rate variation	**23,278**	**29,128**	5,967	66,718
Other financial income	**22,471**	**26,712**	3,888	7,433
Dividends on foreign equity	**9,840**	**10,038**	7,234	39,471
(-)PIS and COFINS on financial income (1)	**(10,868)**	**(29,895)**	(13,144)	(20,137)
	267,034	**667,399**	284,244	513,751
Financial expenses				
Interest – debt abroad	**(34,214)**	**(64,999)**	(29,983)	(68,324)
Exchange rate variation	**(44,116)**	**(52,208)**	(17,994)	(45,723)
Fair value hedge	**(11,898)**	**(91,747)**	-	-
Income from cash flow hedging instruments	**-**	**(3,287)**	(58,532)	(59,446)
Marked-to-market of Non-Deliverable Forwards (NDF)	**(2,020)**	**(6,836)**	-	-
Funding interest - debentures	**(95,916)**	**(192,602)**	-	-
Funding interest - loans	**(25,643)**	**(29,033)**	-	-
CDI restatement - Redemption of preferred shares	**(76,855)**	**(76,855)**	**-**	-
Other financial expenses	**(34,745)**	**(50,075)**	(23,225)	(25,205)
	(325,407)	**(567,642)**	(129,734)	(198,698)
Disposal of CME Group shares	**-**	**-**	(572,800)	(572,800)
Financial result	**(58,373)**	**99,757**	(418,290)	(257,747)

(1) From July 2015, pursuant to Decree No. 8426, of April 1, 2015, which reinstated PIS and COFINS rates levied on financial income earned by legal entities subject to the related noncumulative tax computation.

24. Segment information

We present below consolidated information based on reports used by the Executive Board for making decisions, comprising the following segments: Bovespa, BM&F, Institutional and Corporate Products. Due to the nature of the business, the Executive Board does not use any information on assets and liabilities by segment to support decision-making.

With the consummation of the transaction between the B3 and CETIP in March 29, 2017, B3 currently records another two operating segments: marketable securities (UTVM) and financing (UFIN).

						2Q 2017 Consolidated
	BM&F Segment	Bovespa Segment	Institutional and Corporate Products Segment	Marketable securities segment (UTVM)	Financing segment (UFIN)	Total
Revenue	**478,499**	**490,056**	**253,697**	**262,277**	**94,707**	**1,579,236**
Adjusted operating expense	**(96,748)**	**(110,116)**	**(105,397)**	**(54,633)**	**(41,546)**	**(408,440)**
Stock Options and Stock Grant	**(14,639)**	**(14,993)**	**(17,580)**	**(2,484)**	**(855)**	**(50,551)**
Allowance for doubtful accounts and other provisions	**(10,302)**	**(10,203)**	**(6,341)**	**(6,341)**	**(1,834)**	**(35,021)**
P&L	**356,810**	**354,744**	**124,379**	**198,819**	**50,472**	**1,085,224**
Depreciation and amortization						**(257,431)**
Related to combination with CETIP						**(190,759)**
Impairment of assets						**(65,508)**
Equity pickup						**493**
Financial result						**99,757**
Income tax and social contribution						**(227,625)**
Net income for the period						**444,151**

24. Segment information (Continued)

				2Q 2016 Consolidated
	BM&F Segment	Bovespa Segment	Institutional and Corporate Products Segment	Total
Revenue	495,703	415,771	226,508	1,137,982
Adjusted expense	(99,816)	(98,553)	(92,643)	(291,012)
Stock Options and Stock Grant	(24,096)	(21,774)	(20,725)	(66,595)
Allowance for doubtful accounts and other provisions	(4,131)	(7,479)	(2,775)	(14,385)
Transfer of fines	-	-	(2,459)	(2,459)
P&L	367,660	287,965	107,906	763,531
Related to combination with CETIP	-	-	(48,792)	(48,792)
Depreciation and amortization	(19,562)	(18,423)	(9,595)	(47,580)
Financial result				(257,747)
Income tax and social contribution				(184,075)
Net income for the period				225,337

25. Other information

(a) B3 seeks advice from insurance brokers to ensure that it has a sufficient level of insurance cover for its size and operations. The maximum insurance coverage taken out at June 30, 2017, according to insurance policies, is as follows:

Insurance line	Maximum indemnity
Amounts at risk, property damages, buildings and equipment	322,110
Civil liability	374,000
Guarantee	595,169
Works of art	16,133
Total	**1,307,412**

25. Other information (Continued)

(b) Associação Profissionalizante BM&FBOVESPA (APBM&FBOVESPA) is a not-for-profit entity engaged in promoting educational, social welfare and sports activities. The sports-related initiatives included offering support to the BM&FBOVESPA Athletics Club and sponsorship to athletes (these activities were incorporated by specific association, known as Clube de Atletismo BM&FBOVESPA in July 2013). APBM&FBOVESPA is supported by the BM&FBOVESPA Institute, a not-for-profit association that has B3 as its founding member.

APBM&FBOVESPA figures as a defendant in legal and administrative proceedings involving tax matters, classified as probable loss, most of which are related to challenges by Brazilian IRS about social security contributions allegedly owed by APBM&FBOVESPA on payments made to third parties and on sponsorships to athletes of the BM&FBOVESPA Athletics Club. If the outcome of these proceedings is not favorable to APBM&FBOVESPA, B3 may have to provide funds to maintain the activities of such club. The amount involved in the aforementioned proceedings at June 30, 2017, totals R$21,175 (R$20,518 at December 31, 2016).

26. Subsequent events

(a) At a meeting held on August 11, 2017, the Board of Directors approved the payment of R$81,600 in interest on equity to shareholders, included in the mandatory dividends for 2017. Interest on equity will be paid on September 08, 2017, based on the shareholding structure existing on August 21, 2017.

(b) At the Special General Meeting (SGM) held on June 14, 2016, the merger of CETIP into B3 was approved by the shareholders and by the CVM, pursuant to CVM Ruling No. 461.

This merger took place on July 3, 2017, as provided in the “Merger Agreement”, and as a result CETIP was extinguished and succeeded by B3 in all of its assets, rights and obligations, as provided in article 227 of Law No. 6404/76.

27. Notes submitted in the annual financial statements that are not being fully presented in the quarterly information

In accordance with CPC 21 (R1) – Interim Financial Reporting and CVM/SNC/SEP Circular Letter No. 003/2011, the following notes have been condensed in this quarterly information, compared to the annual financial statements for the year ended December 31, 2016:

- Note 1 - Operations
- Note 2 - Preparation and presentation of the quarterly information
- Note 3 - Significant accounting practices
- Note 9 - Intangible assets
- Note 17 – Collateral for transactions
- Note 24 – Segment information