INTERNAL STANDARDS OF CONDUCT

ON THE SECURITIES MARKETS

BBVA

Contents

PART II:
GENERAL STANDARDS OF CONDUCT

WARNING: *The English version is only a translation of the original in Spanish for information purposes. In case of a discrepancy, the Spanish original prevails.*

4 PRIVILEGED INFORMATION

I. DEFINING PRIVILEGED INFORMATION

4.1 As established in article 81.1 of the Securities Markets Act, *Privileged Information* is defined as follows:

4.1.1 It is specific in nature.

4.1.2 It refers directly or indirectly to one or several negotiable securities and financial instruments covered by the Securities Market Act, or to one or various issuers of such securities and instruments.

4.1.2.1 The above paragraph shall also apply to negotiable securities and financial instruments for which listing has been requested on an organised market or trading system.

4.1.3 It has not been made public.

4.1.4 If made public, it would likely have or have had a significant effect on the price of the securities in an organised trading system or market or on the price of their related derivative financial instruments.

4.2 According to article 1 of Royal Decree 1333/2005, when evaluating whether or not information should be classified as *Privileged*, the information will be considered to be specific in nature if:

4.2.1 It indicates a set of circumstances that exist, or could reasonably be expected to exist, or an event that has occurred or could reasonably be expected to occur,

4.2.2 The information is sufficiently detailed to allow it to lead to conclusions regarding its possible effect on a set of circumstances or events regarding the prices of negotiable securities or their corresponding financial instruments or, where applicable, the derivative financial instruments related to them.

4.3 Likewise, information that may be considered to noticeably influence pricing when such information could be used by a reasonable investor as part of the basis for their investment decisions.

4.4 According to article 81.1, *Privileged Information* regarding derivatives of commodities shall be defined as follows:

4.4.1 Is specific in nature.

4.4.2 Has not been made public.

4.4.3 Refers directly or indirectly to one or several of these derivatives.

4.4.4 That which users of the markets in which these products are traded would expect to receive according to accepted market practices in said markets.

4.5 For the effects of point 4.4.4 above, it is presumed that market users expect to receive information directly or indirectly related to one or several derivative financial instruments when this information:

4.5.1 Is made available to the users of these markets on a regular basis; or

4.5.2 Should obligatorily be revealed by virtue of laws or regulations, market standards, contracts or the market practices of the underlying commodities or the market of instruments derived from the commodities in question.

4.6 Without prejudice to the foregoing sections, and by way of clarification but not limitation, *Privileged Information* often affects the following:

4.6.1 A company's profit and loss account.

4.6.2 Extraordinary changes to the company's profit and loss account or changes to earnings guidance which has been made public.

4.6.3 Transactions conducted by the company such as capital increases or the issuing of securities which have special relevance.

4.6.4 Significant mergers or acquisitions.

4.6.5 Circumstances which could lead to litigation, disputes or sanctions which may have a significant effect on the expected results.

4.6.6 Decisions taken by the Authorities prior to these being made public.

4.6.7 Information covering large put and call orders on specific securities.

4.6.8 Other facts or similar situations.

4.7 Regarding persons charged with executing orders relating to negotiable securities or financial instruments, all information passed on by a customer in relation to their own pending orders shall be considered *Privileged Information* when it complies with the requirements of section 4.1 above.

4.8 Information will not be considered privileged once it is disclosed to the public or is no longer relevant and therefore has no effect on the price of Securities Affected. As a general principle, information is to be considered public from the time it has been recorded on the relevant authority's public register or from when it has been published using any medium authorised by the issuer.

II. PROHIBITIONS

4.9 Any one in possession of *Privileged Information* who knows, or should know, that it is privileged, will be subject to the following prohibitions:

4.10 Prohibitions against preparing or engaging in own-account transactions.

4.10.1 Employees in possession of *Privileged Information* may not directly or indirectly prepare or engage in any kind of Own-Account Trading of securities or financial instruments to which such information refers, no of any other security, financial instrument or contract of any kind, whether or not traded on a secondary market, whose underlying are negotiable securities or financial instruments to which the information refers.

4.10.2 Notwithstanding, the above prohibitions shall not apply to the following:

4.10.2.1 Preparation and engagement in transactions whose existence, in itself, constitutes *Privileged Information*.

4.10.2.2 Transactions carried out in compliance with an obligation, already due, to buy or sell negotiable securities or financial instruments, when this obligation is covered by an agreement signed before the person involved came into possession of the *Privileged Information.*

4.10.2.3 Any other transaction done in accordance with applicable regulations.

4.11 Prohibitions against preparing or engaging in third party transactions.

Anyone in possession of *Privileged Information* shall be subject to the same restrictions as outlined in section 4.10 above regarding direct or indirect trading for third parties.

4.12 Prohibition against passing on information to third parties.

No-one in possession of *Privileged Information* may pass it on to third parties, except in the normal course of their employment, profession or post, in which case, they must apply Chapter 17 of these Internal Standards of Conduct (Controlling the Transfer of Information). Should the *Person Subject*, acting on behalf of and to the account of the BBVA Group entity in which they work or to which they provide services, unintentionally reveal *Privileged Information* on said entity in the normal course of their employment, profession or post to persons who are not bound to confidentiality by law, regulations, bylaws or contract, must immediately report this circumstance so that due proceedings may be initiated to disclose the information to the market. These proceedings are contained in Chapter 20 herein.

4.13 Prohibition against recommendations.

Persons in possession of *Privileged Information* cannot recommend the purchase, sale or lending of securities or induce another to purchase or assign based on *Privileged Information*.

III. OBLIGATIONS

4.14 Anyone who, because of their position or responsibilities within the BBVA Group, is in possession of Privileged Information will be subject to the following obligations:

4.15 Obligation to safeguard information.

4.15.1 Anyone in possession of Privileged Information must safeguard it, without prejudice to their duty of disclosure and cooperation with the judicial and administrative authorities under the terms established in the Securities Market Act and other applicable legislation.

4.15.2 In pursuit of the above obligation, anyone in possession of Privileged Information must adopt suitable measures to avoid it being abusively or unfairly used.

4.15.3 Likewise, should Privileged Information be used abusively or unfairly, anyone aware of this must immediately report it to their superior and to the Compliance Department.

4.16 Obligation to notify the Compliance Department of Privileged Information.

Anyone in possession of *Privileged Information* must notify the Compliance Department immediately. Notification must take place by the people and in accordance with the rules detailed in Chapter 15 section (I). Furthermore, any transfer of this type of information must take place following the terms outlined in Chapter 17 of the Standards (Controlling the Transfer of Information).

IV. SPECIAL ACTIVITIES

4.17 Persons engaging in or in any way involved in activities such as the stabilisation of prices in public offerings, execution of liquidity contracts on issuers' own shares, financial analysis, treasury stock or trading of own shares and lending securities, must take into account the existence of specific rules of conduct applicable to them.

In such cases, the Compliance Department, or another appointed to do so, shall inform the persons affected of the specific rules applicable to them.

5 CONFLICTS OF INTEREST

5.1 A *Conflict of Interest* will be deemed to exist when at least two counterpoised interests that may constrain the impartiality or objective nature of a service or transaction coincide in one and the same person or decision-making scope.

I. POSSIBLE CONFLICTS OF INTEREST

5.2 The varied activities and duties pursued in the Securities Markets by the BBVA Group make it possible that the following *Conflicts of Interest* may arise at certain times:

5.2.1 Between different areas within the BBVA Group.

5.2.2 Between BBVA Group customers and the BBVA Group, including its managers, employees, agents or persons directly or indirectly affiliated to it in a controlling position.

5.2.3 Between different BBVA Group customers.

5.3 For such purposes, however, the sole fact that the BBVA Group may obtain a profit shall not be deemed sufficient, unless there is also possible harm done to a customer; nor shall it be sufficient that a customer may gain or avoid a loss, if there is no concomitant loss for another customer.

II. IDENTIFYING CONFLICTS OF INTEREST

5.4 Identifying *Conflicts of Interest* entails at least awareness as to whether the BBVA Group and/or the *Persons Subject* or a person directly or indirectly affiliated in a controlling position, are in any of the following situations:

5.4.1 The entity or person in question may obtain a financial gain or avoid a financial loss at the cost of the customer.

5.4.2 Has an interest in the outcome of the service provided or transaction carried out to the customer's account other than the interest the customer has in said outcome.

5.4.3 Has financial or any other kind of incentives to favour the interests of customers other than those of the customer in question.

5.4.4 Professional activity is identical with that of the customer.

5.4.5 Receives, or will receive, an incentive from a third party with respect to the service provided to the customer, in money, goods or services, other than the habitual payment or fee on the service in question.

5.5 The conflicts affecting *Persons Subject* may arise as a consequence of their family, professional, economic or any other kind of affiliations, or from situations known on the basis of holding a specific post or having specific duties in the BBVA Group.

5.6 When determining the possibility of *Conflicts of Interest* due to the *Persons Subject*'s affiliations, all situations should be taken into account that may generate a potential conflict which would be assessed as such by an impartial observer with knowledge of the set of circumstances surrounding the person in question and the specific case in point. Assessment of these situations should not be limited to the group that these Internal Standards of Conduct defines as *Equivalent Persons* in its section 7.2.

III. PREVENTING CONFLICTS OF INTEREST

5.7 The BBVA Group's Internal Standards of Conduct are intended to control possible conflicts of interest. They establish that all *Persons Subject* must notify the head of their area or the Compliance Department of situations that could potentially and under specific circumstances may entail *Conflicts of Interest* that could compromise their impartiality, before they engage in any transaction or conclude any business in which they could arise.

5.8 The following situations shall be considered as affiliations to be included amongst the situations indicated in section 5.7 above. The list is not exhaustive:

5.8.1 Economic Affiliations

5.8.1.1 Direct or indirect ownership of more than 5% of the capital in companies which are BBVA Group customers for services related to the securities markets or in companies which are listed on the Stock Exchange.

5.8.1.2 Holding directorships or senior management posts in listed companies or Investment Service Companies.

5.8.2 Family Affiliations:

For such purposes, related parties will be:

a) The spouse or person with analogous relationship of affect, pursuant to the domestic legislation

b) Ascendents, descendents and siblings of the person subject to the Standards, and their respective spouses or persons with analogous relationship of affect, pursuant to the domestic legislation.

c) Ascendents, descendents and siblings of the spouse or person with analogous relationship of affect, pursuant to the domestic legislation.

When any of the above-mentioned persons are in the following situations, this must be duly reported:

a) Customers or persons holding directorship or management posts in client companies, who regularly trade in the securities markets through *Entities Subject* to these Standards.

b) Directors or senior management of listed companies or Investment Services Companies.

IV. RESOLVING CONFLICTS OF INTEREST

5.9 The BBVA Group has a policy on *Conflicts of Interest* intended to prevent such Conflicts harming the interests of its customers. Moreover, in order to resolve any kind of potential *Conflicts of Interest*, each Area of the BBVA Group shall have procedures to guarantee they are properly managed.

V. DISCLOSING CONFLICTS OF INTEREST

5.10 When the organisational and/or administrative measures adopted to manage the *Conflict of Interests* are not sufficient to guarantee with a reasonable degree of certainty that the risks of damaging customer interests be avoided, the nature and origin of the conflict must be disclosed to the customer in advance, before acting on their behalf.

5.11 Any disclosure must be made on a lasting medium and must include sufficient data, depending on the nature of the customer, to enable the customer to be come to an informed decision regarding the service affected by the *Conflict of Interests*.

6 MARKET INTEGRITY: PRICE MANIPULATION

I. GENERIC OBLIGATION

6.1 Any person or entity engaging directly or indirectly in activities related to the securities market must refrain from preparing or engaging in practices that distort market price formation, ie, that constitute market manipulation. The following shall be deemed to be such practices:

II. PROHIBITED PRACTICES

6.2 Issuing orders or engaging in market transactions that provide or may provide false or deceptive indications of supply, demand or the price of negotiable securities or financial instruments.

6.3 Issuing orders or engaging in transactions that uphold, through one or several persons acting in a concerted manner, the price of one or several financial instruments at an abnormal or artificial level, unless the person who effected the transactions or issued the orders can prove the legitimacy of their reasons and these reasons are in keeping with accepted market practices in the regulated market in question.

6.4 Issuing orders or engaging in transactions that employ fictitious devices or any other form of deceit or scheming.

6.5 Disseminating information through the mass media, including internet, or through any other medium, that provides or may provide false or deceptive indications about the financial instruments, including propagating rumours and false or deceptive news items, when the person divulging them knows or should have known that the information was false or deceptive.

6.6 Acting individually or in concert with others to ensure a dominant position over the supply and/or demand of a security or financial instrument resulting in indirect or direct fixing of purchase or sale prices or fixing of other non-equitable trading conditions.

6.7 Selling or buying a financial instrument or security as the market closes with the effect of inducing error amongst investors who act on the basis of closing prices.

6.8 Taking advantage of occasional or periodic access to the traditional or electronic media, publicising an opinion on a financial instrument or security or, indirectly, its issuer, after having taken positions on this financial instrument or securities, and consequently having benefited from the repercussions of the opinion expressed on the price of said financial instrument or security, without having simultaneously disclosed this conflict of interest to public opinion in a suitable and effective manner.

6.9 Notwithstanding, the following exceptions are made to the above prohibitions:

6.9.1 Orders or transactions that originate in the BBVA Group implementing programmes to buy back own stock or in activities to stabilise securities or financial instruments in the framework of public offerings, provided these comply with legally established conditions on such activities.

6.9.2 In general, transactions or orders effected in compliance with applicable regulations.

III. INDICATIONS

6.10 In order to determine whether or not conduct constitutes a practice distorting free price formation, ie, manipulating the market, the indications contained below must be taken into account.The list is not exhaustive and the practices cannot, of themselves, be considered to constitute market manipulation.

6.11 Regarding conducts described in point 6.2 and 6.3 above, at least the following indications shall be taken into account when examining the transactions or orders to be negotiated:

6.11.1 To what degree orders to be negotiated given and transactions carried out represent a significant proportion of the daily volume of transactions of the security or financial instrument in question on the corresponding regulated market, especially when orders given and transactions carried out lead to a significant change in the price of the financial instrument.

6.11.2 If orders to be negotiated given and transactions carried out by persons with a significant buying or selling position on securities and financial instruments lead to a significant change in their listed price or in the price of the derivative or underlying financial instrument related to it that is listed on a regulated market.

6.11.3 To what degree transactions carried out, either between persons or institutions acting on the account of the other, or between persons or institutions acting on the account of a same person or institution, or by persons acting on the account of another person, do not lead to any change in the ownership of the security or financial instrument listed on a regulated market.

6.11.4 If orders to be negotiated given and the transactions carried out include withdrawing from positions in a short period and represent a significant proportion of the daily volume of transactions of the security or financial instrument in question on the corresponding regulated market, and could be associated to significant changes in the price of the security or financial instrument listed on a regulated market.

6.11.5 To what degree orders to be negotiated given or transactions carried out are concentrated in a short time period during trading hours and lead to a price change that is later inverted.

6.11.6 If orders to be negotiated change the best demand or supply price of a security or financial instrument that is listed on a regulated market, or in general, change the configuration of the order book available to market operators, and are withdrawn before being executed.

6.11.7 If orders to be negotiated are given or the transactions carried out at the specific moment, or around it, when the reference prices, the settlement prices and the gains are being calculated and lead to changes in the listed prices that affect these prices and gains.

6.12 Regarding the conduct described in point 6.4 and 6.5 above, at least the following indications shall be taken into account when examining the transactions or orders to be negotiated.

6.12.1 If the orders to be negotiated given or the transactions carried out by certain persons are preceded or followed by the dissemination of false or deceptive information by the same persons or others related to them.

6.12.2 If the orders to be negotiated given or the transactions carried out by certain persons before or after said persons or others related to them draw up or disseminate analysis or recommendations on investment that are erroneous, biased or could be shown to be influenced by a relevant interest.

IV. ENFORCEMENT

6.13 Officers in charge of the Areas affected by the preceding prohibitions must take due measures to guarantee compliance. They must also ensure proper dissemination of forbidden practices amongst members of their Area.

6.14 Officers in charge of the Areas receiving, transmitting and/or executing third-party orders must take measures to promote knowledge of the indicators contained in point III above. Likewise, they must define and implement procedures and controls to detect and analyse such indications. The Areas shall establish absolute and relative parameters and values to determine whether a specific transaction should be considered an indication. These parameters must always be validated by the Compliance Department.

V. COMMUNICATION WITH THE REGULATOR

6.15 When it is deemed that there are reasonable indicators to suspect that a transaction is using *Privileged Information* or constitutes a practice distorting the free formation of prices, this must be reported to the Compliance Department, so it may assess the need to inform the stock-exchange authority (CNMV) or whatever authority may be applicable at that time, as soon as possible, on the basis of applicable regulations.

VI. SPECIAL ACTIVITIES

6.16 Persons engaging in or in any way involved in activities such as the stabilisation of prices in public offerings, execution of liquidity contracts on issuers' own shares, financial analysis, treasury stock or trading of own shares and lending securities, must take into account the existence of specific rules of conduct applicable to them.

In such cases, the Compliance Department, or another appointed to do so, shall inform the persons affected of the specific rules applicable to them.