

## PART IV

# Control of Information

## 12. Control of Information: Objectives and Information Barriers

### I. Objectives of information oversight

- 12.1 One of the aims of these Internal Standards of Conduct is to establish rules and procedures in order to:
- 12.1.1 Avoid the uncontrolled flow of *Inside Information* between different areas of the BBVA Group.
  - 12.1.2 Guarantee that decisions related to the securities markets are taken independently within each area.
  - 12.1.3 Control the occurrence and existence of *Conflicts of Interest*.

### II. Establishment of information barriers

- 12.2 In order to meet the objectives mentioned in the section above, the following chapters will set out a series of measures and procedures defined as *Information Barriers*.
- 12.3 First, and solely for the purpose of these Internal Standards of Conduct, Chapter 13 defines what are to be defined as *Separate Areas* in BBVA Group.
- 12.4 Chapter 14 below brings together a set of general measures aimed at protecting information, which must be adopted by all those in possession of *Inside Information*.
- 12.5 The special functions performed within the *Separate Areas* require additional measures to control the information detailed in Chapter 15.
- 12.6 Once these measures have been established, a series of procedures will be adopted to control the flow of *Inside Information* between the different Areas. These are detailed in Chapters 16 and 17.
- 12.7 Lastly, Chapter 18 defines a set of guidelines that must inform the decision making on transactions related to the securities markets.

## 13. Separate Areas

### I. Defining separate areas

- 13.1 For the purpose of these Internal Standards of Conduct, a *Separate Area* is defined as each department or area of BBVA Group engaged in activities managing their own or third-party portfolios or financial analysis, and others that may have access to *Inside Information* with certain frequency, including those engaged in investment banking activities, brokerage of negotiable securities and financial instruments and the Compliance Department itself.
- 13.2 The Compliance Department shall determine which departments and areas of the BBVA Group may be considered *Separate Areas* on the basis of the criteria established in the previous section.

### II. Structure of separate areas

- 13.3 Each *Separate Area* will have one or more persons responsible appointed by the director of the competent area, who will liaise with the Compliance Department to supervise the correct enforcement of procedures established within their area of competence, to ensure compliance with the standards outlined herein.
- 13.4 The Compliance Department will keep an updated list of employees who provide services in any of the *Separate Areas*. The officers responsible for each Area will provide the information needed to compile this list.

## 14. General Measures for Protecting Information

- 14.1 The measures described in the following section are applicable to all *Persons Subject* to the Internal Standards of Conduct, whether or not they belong to a *Separate Area*.
- 14.2 In addition to the general duty of confidentiality applicable to non public information that Involved Persons access in pursuit of their duties or position, any Involved Person who has access to information that may be classified as *Inside Information* must proceed to safeguard it, ensuring its correct protection and avoiding inappropriate accessibility to persons who, although belonging to the same area, should not access it.
- 14.3 To enforce the legal obligation to keep information safe, without prejudice to the adoption of any additional measures that may be implemented in the different Areas of the Group, in accordance with section 14.2 above, special consideration should be given to the measures outlined in the following sections.

### I. Locating information and identifying insiders

- 14.4 *Persons Subject* who are in possession of *Inside Information* must notify the officer in charge of their area.
- 14.5 The person responsible for each area originating the *Inside Information* must notify the Compliance Department of any *Inside Information* in their area, and of any person in said area who also has access to the information and others to whom the information was disclosed, including the date and time on which each of them accessed the information and the function and purpose for which the access was made.
- 14.6 *Persons Subject* whose rank is superior to the officers responsible for each area originating *Inside Information* and who know of information which could be considered *Inside* must notify it to the Compliance Department.
- 14.7 In any correspondence on transactions or projects which may contain *Inside Information*, a code-name must always be used. The code-name will be assigned by the superior officer in charge at the beginning of the transaction and disclosed to the persons who have had access to the information (insiders) as well as to the Compliance Department. Thenceforth, the code-name will be used without mentioning the real name of the companies involved.

### II. List of securities and insiders

- 14.8 The Compliance Department will keep an updated Insider List based on the information it has received, which will enable it to draw up a list of *Prohibited Securities*, i.e. *Securities Affected* by *Inside Information*.
- 14.9 The Compliance Department shall also keep a list of direct or indirect employees of the *Entity Subject* that work for it under an employment or outsourcing contract or otherwise, and who may have access to *Inside Information*. This list shall be called the *Insider List* and shall include: a) the identity of everyone with access to the list (full name and ID); b) phone numbers and professional and personal addresses; c) dates of birth; d) function and reason for access to *Inside Information*; e) the date and time when there was access to the information, the list was prepared and the access to *Inside Information* ceased.
- 14.10 The *Insider List* must be in electronic format and be updated:
- 14.10.1 When there is a change in the reasons why a person is on the list.
- 14.10.2 When a new person needs to be added to the *Insider List*.
- 14.10.3 When a person on the list ceases to have access to *Inside Information*, recording the date and time on which they ceased to have such access.
- 14.11 The Compliance Department shall expressly advise persons on the *Insider List* of the confidential nature of the information, their duty to maintain confidentiality and prohibitions regarding its use. It shall also inform them on infractions and penalization in the event of improper use. Insiders shall be informed of the cases established under personal data protection legislation.

### III. Physically protecting the information

14.12 *Persons Subject* must adopt or foster security measures aimed at ensuring that persons not party to this information do not have access to the hardware containing the information (documents, files, unrestricted shared network resources, electronic storage devices, etc.). The officer responsible for each area must establish concrete measures to be applied in each situation.

### IV. Controlling dissemination of information

14.13 Knowledge of projects or transactions that contain Inside Information must be strictly limited to persons, whether inside or outside the organization, for whom such knowledge is essential, in which case they must follow the rules contained in Chapter 16 and adopt any measures needed to deny access to persons who should not have this information for the performance of their duties.

14.14 No aspect of projects or transactions containing *Inside* information can be discussed in public places (elevators, trains, airplanes, taxis, restaurants, etc.) or in areas where there is a risk of being overheard by persons to whom the information should not be disclosed.

14.15 Conference rooms must be checked before and after meetings to ensure that no documents containing confidential information remain behind. Special care must be exercised with notes, diagrams on boards or flip-charts or similar materials.

14.16 Extreme caution must be taken when using unprotected media, e.g. mobile phones, faxes or electronic mail. In particular, information must not be sent to terminals that are unmanned at time of sending or to which Outsiders could have access.

14.17 No aspect of the projects or transactions that contain information of a *Inside* nature may be published, commented or recommended by Internet (in the social media, forums, chats, etc.). Particular care and discretion should be exercised to minimize the exposure of temporary staff to *Inside* Information.

### V. Enforcement

14.18 The officer responsible for each *Separate Area* will determine which measures apply to his/her area and will be responsible for adopting and enforcing these measures among the area's staff.

## 15. Additional Measures for Controlling of Information

15.1 The special business functions carried out within the *Separate Areas* may require additional measures to those detailed in the previous chapter, aimed at controlling information.

### I. Physical barriers

#### 15.2 SEPARATION:

Reasonable and appropriate physical arrangements will be set up in order to avoid the flow of information between the various *Separate Areas*, and between the *Separate Areas* and the rest of the Organization.

#### 15.3 LOCATION:

The *Separate Areas* will be physically distanced and/or differentiated, to the extent required by the size of the Group or area itself. They will either be placed in a different location or on a separate floor or in a space clearly separate and differentiated from others in the same building.

#### 15.4 RESTRICTED ACCESS:

Access to the *Separate Areas* will be restricted. The Compliance Department, along with the person in charge of each area, will determine which *Separate Areas* require special measures in order to control access to them.

## II. Specific procedural controls

15.5 Specific internal procedures will be drawn up to establish formal requirements, verification and other measures considered suitable to ensure strict compliance with these Internal Standards of Conduct, especially regarding controls to prevent free and indiscriminate access to *Inside Information*.

## III. Enforcement

15.6 The officer responsible for each *Separate Area* will liaise with the Compliance Department to determine which specific measures apply to their particular area, and will be responsible for adopting and enforcing said measures among the area's staff.

# 16. Controlling the Flow of Information

16.1 In addition to the aforementioned measures, a set of rules and procedures must be drawn up to allow the controlled flow of *Inside Information*, under specific circumstances. In these cases, the following rules must be observed:

16.2 The transfer of *Inside Information* within *Separate* and *Non-Separate* Areas should only occur for strictly professional reasons and when this type of information is needed to conduct a transaction or to make a decision.

16.3 Any transfer of *Inside Information* between persons from different Areas must be reported to the Compliance Department.

16.4 Should it be necessary to pass *Inside Information* to persons who do not belong to BBVA Group, the Compliance Department must be notified. Those who are to receive the information must sign a confidentiality agreement.

16.5 Should a transaction or decision require temporary incorporation into the Area with the *Inside Information* of a person from another Area other than BBVA Group, the following will apply:

16.5.1 These persons will be considered part of the area in which they are working for the period of time in which they provide their services.

16.5.2 These persons may not pass on the *Inside Information* disclosed to them as a consequence of their secondment to members of the Area where they normally work, or to any other person, except under the rules previously established in this Chapter.

# 17. Special Activities

17.1 Mention must be made of the following areas because of the special characteristics of their business:

## I. Activity of financial analysis

17.2 This activity is regulated in the *Corporate Procedure governing the activity of Financial Analysis and the Analyst Rules*, establishing the rules, procedures, obligations and restrictions applicable to this activity and to the persons that carry it out.

17.3 *Financial Analysis* means the drawing up of *Investment Reports* and financial analysis or other forms of general recommendation on trading in financial instruments.

17.4 Paragraph 17.2 above will be deemed to include any information that, without taking into account the specific personal circumstances of the customer to whom it is addressed, implicitly or explicitly recommends or proposes an investment strategy involving one or several financial instruments or issuers of financial instruments, and including any judgment on the current or future price or value of such instruments, providing the information is targeted at distribution channels or the public and complies with the following conditions (hereinafter, the "*Research Report*"):

17.4.1 That the *Research Report* be qualified as such, or as financial analysis or any similar term, or else is presented as an objective, independent explanation of those issuers or instruments regarding which recommendations are made.

17.4.2 That the recommendation not constitute advice regarding investments, this being understood to mean providing personalized recommendations to a customer, either at the customer's request or at BBVA's initiative, with respect to one or several transactions regarding financial instruments.

- 17.5 Entities Subject and Persons Subject that draw up and/or disseminate Research Reports must:
- 17.5.1 Be fair, professional and impartial in drawing up the reports.
  - 17.5.2 Base their opinions on objective criteria, not make use of *Inside Information* and respect the Information Barriers.
  - 17.5.3 Disclose to customers, in an easily visible part of the reports, publications or recommendations, any relevant relation between BBVA Group and the entities being analyzed, including commercial relations and core holdings that BBVA Group may have or be going to have with said entities or said entities with BBVA, and any potential conflict of interest that may arise.
  - 17.5.4 Clearly state on their documents that these do not constitute a call or put bid over the securities.
  - 17.5.5 Refrain from distributing reports or analysis which contain investment recommendations whose sole aim is to benefit the company.
- 17.6 Likewise, neither the entity nor the analysts nor the rest of the stakeholders in drawing up the reports on investments may accept incentives from those who have a relevant interest in the subject-matter of the report in question. Nor may they promise the issuers to draw up favorable reports.
- 17.7 The officer in charge of the Analysis Department shall foster adoption of suitable measures to ensure that the *Research Reports* observe the foregoing principles, and the internal standards that are established to enforce them.
- 17.8 Due measures must be taken with respect to Own-Account Trading to ensure compliance with the following requirements:
- 17.8.1 The analysts and other relevant persons whose responsibilities or professional interests may enter into conflict with the interests of the persons receiving the reports, may not:
    - 17.8.1.1 Acquire, sell or receive shares or financial instruments issued by the companies they discuss in their reports, or of those that are in the sector discussed by the analyst.
    - 17.8.1.2 Carry out personal transactions or trade on account of any other person, including BBVA, with respect to the securities to which the investment reports refer, if they have knowledge of the publication dates or probable content of the reports.
  - 17.8.2 Under circumstances not covered by the previous section, financial analysts and other relevant persons charged with drawing up reports on investments may not order personal transactions with the financial instruments to which said reports refer, or with any connected financial instrument, in a manner contrary to the prevailing recommendations, except under exceptional circumstances and with prior approval from the Compliance Department.
- 17.9 The Analysis Departments shall act in complete independence from the rest of the areas or companies in BBVA Group. The business areas, particularly those dedicated to the distribution or sale of securities (and/or trading on account of customers or own account) and to the provision of Investment Banking Services, shall abstain from influencing or pressuring the Analysis Departments in the process of preparing and issuing ratings or recommendations; and they may not review or give their approval to analysis reports or supervise the employees of this area.
- 17.10 The remuneration of Analysts (salary, bonus or any other remuneration item) may not be based on a specific transaction of the Investment Banking Department, nor may it be directly linked to their contribution to the results of the Investment Banking Services.
- 17.11 These measures must guarantee that the financial analysts enjoy an appropriate level of independence from the interests of persons whose responsibilities or business interests may reasonably be considered to enter into conflict with the interests of the persons for whom the investment reports are issued.

## II. Investment recommendations carried out by experts

- 17.12 It is essential to distinguish financial analysis, as described in the above paragraph and carried out by analysts who act under the principle of independence, from the investment recommendations carried out by experts. In both cases, an investment recommendation is made, however the experts prepare research reports recommending or suggesting an investment strategy, either explicitly or implicitly, in relation to one or more financial instruments or to the issuers, including all opinions on the current or future value or price of these instruments; such recommendations is targeted at distribution channels or the public, and their activity does not involve the principle of independence. As in the case of Financial Analysis, the investment recommendations carried out by experts have a specific procedure.

- 17.13 The experts' main activity is not the preparation of investment recommendations, but they can make such recommendations on a repeated basis, as they present themselves as having financial experience or expertise, or puts forward his recommendation in such a way that other persons would reasonably believe he has financial expertise or experience. These investment recommendations made by experts are known as "trading ideas".
- 17.14 The persons who draft investment recommendations or information of another type in which they recommend or suggest an investment strategy must communicate, in a clear and visible way in all the recommendations that they draft, both their identity and the identity of any other person or persons, whether individuals or legal entities, responsible for drafting the recommendation, as well as the identity of the pertinent competent authority. These persons guarantee (i) facts are clearly distinguished from interpretations, estimates, opinions and other types of non-factual information; (ii) all substantially material sources of information are clearly and prominently indicated; (iii) the projections, forecasts and price targets are clearly indicated; and (iv) the date and time when the production of the recommendation was completed are clearly indicated.
- 17.15 The persons that prepare recommendations shall notify in their recommendations all the relations and circumstances with respect to which it may be reasonable to expect that the objectivity of the recommendation is impaired, including interests or conflicts of interest, either for them or for any individual or legal entity working for them under contract, including an employment contract; or related persons who have participated in drafting the recommendation with respect to any financial instrument or issuer to which the recommendation refers directly or indirectly.

### III. Managing treasury stock

- 17.16 For the purpose of these Internal Standards of Conduct, Treasury Stock Management refers to transactions on the Group's own shares. Generally, these types of transactions provide investors with adequate volumes of liquidity and depth in that particular security and reduce possible temporary imbalances between supply and demand.
- 17.17 It must be noted that Treasury Stock Management can give rise, in certain cases, to a series of *Conflicts of Interest* with the rest of the investors. This could arise from knowledge persons belonging to the entity itself have about the future expectations and performance of their business.
- 17.18 In order to avoid possible *Conflicts of Interest*, it is necessary to include this area within information control system to ensure that persons in this area do not have uncontrolled access to information existing in other areas.
- 17.19 Consequently, investment or divestment decisions will be made within the Treasury Management Department by persons who have not had knowledge of any *Inside Information* which may affect the security.
- 17.20 Moreover, when conducting transactions involving treasury stock, the following will apply:
- 17.20.1 Buying and selling transactions involving BBVA shares must be properly conducted to ensure correct formation of the stock price.
- 17.20.2 The Treasury Stock Management Department is responsible for maintaining a list of all transactions on BBVA shares. This list should include all the information necessary to correctly identify each transaction.

## 18. Principle of Independent Decision Making

### I. General rules

- 18.1 The rules outlined below apply exclusively to decisions on acquisitions, transfers or sales of *Securities Affected* and to specific transactions concerning listed securities.
- 18.2 Within this context, decisions must be taken independently by those persons authorized to do so, without accepting specific orders or recommendations from persons belonging to other Areas.
- 18.3 In any event, persons in possession of *Inside Information* or in a situation of *Conflict of Interest* regarding the security in question, must refrain from taking part in the decision to buy or sell the *Securities Affected* or shares in listed companies, or to engage in projects or transactions relating to the securities in question.
- 18.4 Executives who are not restricted by *Information Barriers* and are part of committees or bodies which merely set general criteria and do not recommend or approve transactions concerning certain securities, are not required to refrain from such activities.

## II. Decisions regarding the exercise of voting rights with respect to management activity to third-party accounts

- 18.5 The Group Areas and Collective Investment Institution Management Companies managing third-party assets must exercise the voting rights linked to the assets under management in an independent fashion, whether these be: (a) shares bearing voting rights, or (b) financial instruments conferring the right to acquire already issued listed shares that bear voting rights.
- 18.6 In this sense, they must not accept any direct or indirect instruction on the decision-making process for the vote from anyone in the dominant entity or company controlled by said dominant entity. They must always be in a position to exercise the voting rights linked to the assets under management independently from the dominant entity.
- 18.7 In this same sense, nobody in the dominant company or companies it controls must interfere, giving direct or indirect or any kind of instructions, in the exercise of voting rights belonging to the management company or the investment services company or any entity or department that manages customer assets and forms part of BBVA Group.
- 18.8 When the dominant company is customer or has a stake in the assets managed by the management company or investment company, there must be a clear written mandate imposing a relationship of independence between the dominant company and the management company or investment company.