UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

DIVISION OF
TRADING AND MARKETS

November 3, 2017

Michael J. Willisch
Davis Polk & Wardwell LLP
Paseo de la Castellana, 41
28046 Madrid
Spain

Re: Banco Bilbao Vizcaya Argentaria, S.A.
File No. TP 18-01

Dear Mr. Willisch:

In your letter dated November 3, 2017 (the "Letter"), you request on behalf of Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA"), a bank organized under the laws of the Kingdom of Spain, an exemption from Rules 101 and 102 of Regulation M under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in order for BBVA and certain of its affiliates to conduct specified "ordinary course" activities in the ordinary shares of BBVA (the "BBVA Shares"), including in the form of American Depositary Shares (the "BBVA ADSs"), during a proposed offering by BBVA (the "Offering") of contingent convertible preferred securities structured to qualify as additional tier 1 capital for Spanish regulatory purposes (the "Contingent Convertible Preferred Securities"), as defined in the Letter.[1]

You seek exemptive relief to permit BBVA and certain BBVA affiliates to conduct specified activities in the ordinary course of business, outside of the United States, in BBVA Shares during the Restricted Period. Specifically, you request that (i) the Market-Making Subsidiary be permitted to continue to engage in market making activities, as described in the Letter; (ii) the Trading Unit, the International Trading Units, the Brokerage Units, and the International Brokerage Units be permitted to continue to engage in derivatives hedging activities, as described in the Letter; (iii) the Asset Managers and International Asset Managers be permitted to continue to engage in investment management activities, as described in the Letter; (iv) the Insurance Company be permitted to continue to engage in activities in connection with investment selections that are made by purchasers of insurance products, as described in the Letter; and (v) the Brokerage Units and the International Brokerage Units be permitted to continue to engage in unsolicited brokerage activities, as described in the Letter.

[1] We have attached a copy of the Letter. Each defined term in our response has the same meaning as defined, directly or by reference, in the Letter, unless we note otherwise.

You also seek exemptive relief to permit certain BBVA affiliates to conduct specified activities in the ordinary course of business, in the United States, in BBVA Shares and BBVA ADSs during the Restricted Period. Specifically, you request that BBVA Securities, Inc. be permitted to continue to engage in unsolicited brokerage activities, in the United States, as described in the Letter.[2]

Response:

Based on the facts and representations that you have made in the Letter, but without necessarily concurring in your analysis, the Securities and Exchange Commission ("Commission") finds that it is necessary or appropriate in the public interest, and is consistent with the protection of investors, to grant, and hereby grants, BBVA and the Global Companies an exemption from Rules 101 and 102[3] of Regulation M to permit them to continue to engage in the activities that are described in the Letter during the Restricted Period.

The exemption is subject to the following conditions:

1. None of the transactions for which relief is being granted shall occur in the United States, except transactions in connection with the unsolicited brokerage activities by BBVA Securities, Inc., as described in the Letter;

2. All of the transactions for which relief is being granted shall be effected in the ordinary course of business, as described in the Letter, and not to facilitate the Offering;

3. BBVA shall keep records for each purchase or sale of BBVA Shares or BBVA ADSs that BBVA or any of the Global Companies effects in the United States during the Restricted Period ("Records"). Such Records shall include:

   (a) the date and time of execution, the broker (if any), and the amount and price of the transaction;
   (b) the market or other manner in which the transaction is effected; and

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2 For purposes of this letter, the Market-Making Subsidiary, the Trading Unit, the International Trading Units, the Brokerage Units, the International Brokerage Units, the Asset Managers, the International Asset Managers, the Insurance Company, and BBVA Securities, Inc., are collectively referred to as the "Global Companies."

3 As described in the Letter, the Global Companies may be deemed to be "affiliated purchasers" of BBVA, and thus subject to Rule 102 of Regulation M, except to the extent that any of the Global Companies participates in the Offering as "distribution participants," whereby their market activities would be subject to Rule 101 during such participation. Also, as described in the Letter, BBVA will act as Joint Global Coordinator (but not as an underwriter) for the Offering, and thus would be deemed to be a "distribution participant" in connection with its participation in the Offering, and thus subject to Rule 101 of Regulation M.

(c) whether the transaction was made for a customer account or a principal or proprietary account (but such Records will not include any client-specific data, the disclosure of which is restricted under applicable law);

4. Upon written request of the staff of the Division of Trading and Markets (the "Division"), BBVA shall make the Records (arranged in a time-sequenced manner) available to the Division, at its offices in Washington, D.C., within 30 days of its request;

5. BBVA and each of the Global Companies shall retain the Records for a period of two years following the completion of the Offering;

6. Representatives of BBVA and each of the Global Companies shall be made available by telephone to respond to inquiries of the Division relating to the Records; and

7. Except as otherwise exempted by this letter, BBVA and each of the Global Companies shall comply with Regulation M in connection with the Offering.

The foregoing exemption is based solely on the facts presented and the representations made in the Letter. Any different facts or circumstances may require a different response. This exemption is subject to modification or revocation at any time the Commission determines that such action is necessary or appropriate in furtherance of the purposes of the Exchange Act. In addition, persons relying on this exemption are directed to the anti-fraud and anti-manipulation provisions of the Exchange Act, particularly sections 9(a) and 10(b), and Rule 10b-5 thereunder. Responsibility for compliance with these and any other applicable provisions of the federal securities laws rests with the persons relying on the exemption. We express no view with respect to any other question that the Letter, or any activities undertaken, pursuant to this exemption, may raise, including, but not limited to, the applicability of other federal or state securities laws or rules, or other laws or rules, to the proposed activities.

For the Commission,
by the Division of Trading and Markets,
pursuant to delegated authority,[4]

Josephine J. Tao
Assistant Director

Attachment

[4] 17 CFR 200.30-3(a)(6).

New York
Northern California
Washington DC
São Paulo
London

Paris
Madrid
Tokyo
Beijing
Hong Kong

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November 3, 2017

Re: **Banco Bilbao Vizcaya Argentaria, S.A. - Request for Exemptive Relief from Rules 101 and 102 of Regulation M**

Josephine J. Tao
Assistant Director
Division of Trading and Markets
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Dear Ms. Tao:

We are writing as counsel to Banco Bilbao Vizcaya Argentaria, S.A. ("**BBVA**"), a bank organized under the laws of the Kingdom of Spain ("**Spain**"), regarding the application of Regulation M to transactions by BBVA and certain of its affiliates (also referred to as the "Global Companies," as defined below) in the ordinary shares of BBVA ("**BBVA Shares**") and American Depositary Shares representing BBVA Shares ("**ADSs**") during the proposed offering by BBVA (the "**Offering**") of contingent convertible preferred securities structured to qualify as additional tier 1 capital for Spanish regulatory purposes (the "**Contingent Convertible Preferred Securities**"), as described in greater detail below.

Specifically, on behalf of BBVA, we ask the members of the staff (the "**Staff**") of the Securities and Exchange Commission (the "**SEC**") to grant BBVA and the Global Companies exemptive relief from Rules 101 and 102 of Regulation M to permit them to continue, in the ordinary course of business as described below and in accordance with applicable Spanish anti-market abuse and other laws, to engage in the following transactions involving BBVA Shares and ADSs during the distribution of such Contingent Convertible Preferred Securities. BBVA is seeking exemptive relief in the event that the BBVA Shares and ADSs could be considered "reference securities" in relation to the Contingent Convertible Preferred Securities for purposes of Regulation M. In connection with the relief requested by BBVA in this letter, please note that substantially similar exemptive relief from Rules 101 and 102 of Regulation M was granted by the Staff to BBVA on three previous occasions under the exemptive letters dated June 25, 2007,[1] October 28, 2010[2] and November 17, 2014.[3]

This letter sets forth data concerning the trading activity of BBVA and the Global Companies for the year ended December 31, 2016 and the nine months ended September 30, 2017. BBVA has represented to us that it is not aware of any material changes in the nature or volume of these activities since September 30, 2017.

Market-Making Activities. As is customary in Spain for financial institutions, BBVA engages in market-making activities with respect to BBVA Shares through a subsidiary dedicated to that function, Corporación General Financiera S.A. (the "**Market-Making Subsidiary**"). The Market-Making Subsidiary effects these transactions in the ordinary course of business for its own account in order to provide liquidity to the market, primarily in the context of temporary imbalances in the supply and demand for BBVA Shares. The Market-Making Subsidiary makes bids and offers for BBVA Shares on the Automated Quotation System (*Sistema de Interconexión Bursátil Español)* of the Spanish stock exchanges (the "**AQS**"), the centralized national market that integrates by computer quotation the Spanish stock exchanges in Madrid, Barcelona, Bilbao and Valencia (collectively, the "**Spanish Exchanges**"), and different Multilateral Trading Facilities located in the EU where BBVA Shares are quoted (jointly with the AQS, the "**BBVA Shares Exchanges**") and purchases and sells BBVA Shares on the BBVA Shares Exchanges.

Derivatives Hedging Activities. In connection with derivatives relating to BBVA Shares or baskets or indices including BBVA Shares (collectively, "**BBVA Share Derivatives**") that the principal trading unit of BBVA (the "**Trading Unit**")[4] and the principal brokerage units of BBVA (the "**Brokerage Units**")[5] enter into with, or sell to or buy from, customers in unsolicited transactions, the Trading Unit and the Brokerage Units in the ordinary course of business solicit and effect trades in BBVA Shares for their own accounts and for the accounts of their customers for the purpose of hedging positions (or adjusting or liquidating existing hedge positions) belonging to them and their customers that are

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[1] See Banco Bilbao Vizcaya Argentaria, S.A., SEC No-Action Letter, File No. TP 07-67 (June 25, 2007).

[2] See Banco Bilbao Vizcaya Argentaria, S.A., SEC No-Action Letter, File No. TP 10-69 (October 28, 2010).

[3] See Banco Bilbao Vizcaya Argentaria, S.A., SEC No-Action Letter, File No. TP 15-05 (November 17, 2014).

[4] The principal Trading Unit is the treasury department of BBVA. Similar activities are carried out by affiliates of BBVA outside Spain and the United States (the "**International Trading Units**"), although their volume of activity relating to BBVA Share Derivatives and their trading in BBVA Shares, whether for proprietary or other purposes, historically have been significantly lower compared to that of the Trading Unit. We ask that the requested relief also cover ordinary course activities of the International Trading Units.

[5] The principal Brokerage Units consist of BBVA and Altura Markets AV, S.A., a corporation organized under the laws of Spain. Similar activities are carried out by other affiliates of BBVA outside Spain and the United States (the "**International Brokerage Units**"), although their volume of activity relating to BBVA Share Derivatives and their trading in BBVA Shares historically have been low compared to that of the Brokerage Units. We ask that the requested relief also cover the ordinary course activities of the International Brokerage Units.

established in connection with these derivatives activities.[6] The Trading Unit's and the Brokerage Units' hedging transactions are effected on the BBVA Shares Exchanges.

Trading in BBVA Shares by the Asset Managers. Certain affiliates of BBVA manage the assets of certain mutual funds, pension funds and investor portfolios (such affiliates, the "**Asset Managers**;" such funds and investor portfolios, the "**Managed Funds**").[7] As part of their ordinary investment management activities on behalf of the Managed Funds, the Asset Managers buy and sell BBVA Shares for the Managed Funds' accounts.[8]

Trading in BBVA Shares by the Insurance Company. As part of its business, BBVA Seguros, S.A. (the "**Insurance Company**"), an affiliate of BBVA incorporated in Spain, sells certain insurance products requiring the insurer to invest the premiums paid by the purchaser of the policies within certain asset classes determined by that purchaser (such as shares represented in the IBEX 35 Index, which includes BBVA Shares) (such products, the "**Asset Class Policies**"). The Insurance Company does not provide any investment advice to purchasers with respect to the asset classes that may be selected by the customer as part of the Asset Class Policies.

Unsolicited Brokerage Activities. The Brokerage Units engage in full-service brokerage activities for their customers through ordinary customer facilitation and related services. These services involve discussions with customers regarding investment strategies, including with respect to BBVA Shares, and buying and selling BBVA Shares both as principal and agent in connection with such customers' unsolicited orders. Although the buy or sell orders received by the Brokerage Units from their customers are unsolicited, the Brokerage Units may solicit the other sides of these transactions.[9]

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[6] In addition, the Trading Unit, the Brokerage Units, the International Trading Units and the International Brokerage Units expect to hold BBVA Share Derivatives, in each case as part of their portfolios of solicited, proprietary trading derivatives, at the time the Restricted Period (as defined below) commences and would expect to continue to hedge these derivatives (through the purchase and sale of BBVA Shares) during the Restricted Period. All such BBVA Share Derivatives will have been entered into in the ordinary course of business and not in contemplation of the Offering. The Trading Unit, the Brokerage Units, the International Trading Units and the International Brokerage Units would not seek to hedge any additional BBVA Share Derivatives acquired or entered into in connection with solicited, proprietary trading subsequent to the commencement of the Restricted Period.

[7] The Asset Managers consist of BBVA Gestión, Sociedad Anónima SGIIC, BBVA Patrimonios Gestora SGIIC, S.A. and BBVA Pensiones, S.A., Entidad Gestora de Fondos de Pensiones, each of which is a corporation organized under the laws of Spain.

[8] Several of BBVA's affiliates outside the United States and Spain (collectively, the "**International Asset Managers**") also engage in mutual fund, pension fund and investor portfolio investment management activities of the kind described above with their customers in their respective jurisdictions and, in doing so, may buy and sell limited amounts of BBVA Shares for the accounts of their Managed Funds. We ask that the requested relief also cover the ordinary course mutual fund, pension fund and investor portfolio investment management activities of the International Asset Managers.

[9] BBVA Securities, Inc., BBVA's affiliated U.S. broker-dealer, engages in unsolicited brokerage activities with its customers in the United States. The volume of brokerage of BBVA Shares and ADSs by this business unit historically has been low. In addition, the International Brokerage Units engage in unsolicited brokerage activities of the kind described above with their customers, although their volume of brokerage of BBVA Shares historically has also been low. We ask that the requested relief also cover the ordinary course, unsolicited brokerage activities of BBVA Securities, Inc. and the International Brokerage Units.

The Market-Making Subsidiary, the Trading Unit, the Brokerage Units, the Asset Managers and the Insurance Company are collectively referred to herein as the "**Spanish Companies**." The Spanish Companies, together with the International Trading Units, the International Brokerage Units, the International Asset Managers and BBVA Securities, Inc. are collectively referred to herein as the "**Global Companies**."

The availability of the exemption BBVA is requesting would be conditioned on the undertakings outlined below.

The descriptions of factual matters in this letter, including the market for BBVA Shares and BBVA's and the Global Companies' business and market activities, as well as the descriptions of certain matters under Spanish law and the laws of other jurisdictions outside the United States included in this letter, have been provided to us by BBVA.

I. The Market for BBVA Shares

The principal trading market for BBVA Shares is on the Spanish Exchanges through the AQS in Spain. The BBVA Shares are also listed on the New York (in the form of ADSs), London and Mexican stock exchanges. Each ADS represents one BBVA Share and is evidenced by an American Depositary Receipt issued by The Bank of New York Mellon, as Depositary. BBVA is a foreign private issuer as defined in Rule 3b-4(c) under the U.S. Securities Exchange Act of 1934.

At September 30, 2017, there were 6,668 million BBVA Shares outstanding, held by 900,807 record holders. Based on public filings as of September 30, 2017, 572 record holders with registered addresses in the United States held 20% of BBVA's outstanding capital. BBVA's market capitalization at September 30, 2017 was approximately €50.4 billion ($59.5 billion),[10] the second largest of any Spanish bank and one of the largest of any Spanish company, representing 9.14% of the IBEX 35 Index. The average daily trading volume in the BBVA Shares on the Spanish Exchanges in 2016 and in the nine months ended September 30, 2017 was approximately €270 million ($285 million) and €251 million ($297 million), respectively. The average daily trading volume of the ADSs on the New York Stock Exchange (the "**NYSE**") during 2016 and in the nine months ended September 30, 2017 was approximately $21 million and $25 million, respectively. The average daily trading volume of the BBVA Shares on the London and Mexican stock exchanges during 2016 and in the nine months ended September 30, 2017 was approximately €23 million ($24 million), and €54 million ($64 million), respectively, in the aggregate.

The AQS links the Spanish Exchanges, providing securities quoted on it with a uniform continuous market that eliminates the differences among the Spanish Exchanges. The principal feature of the system is the computerized matching of buy and sell orders at the time of entry of the order. Each order is executed as soon as a matching order is entered, but can be modified or canceled until executed. The activity of the market can be continuously monitored by investors and brokers. All trades on the AQS must be placed through a bank, a brokerage firm,

[10] Throughout this letter, euros have been translated to dollars at the rate of €1.00 = $1.0552, the last noon buying rate in New York City published by the Federal Reserve Bank of New York in the year ended December 31, 2016, with regard to data for 2016, and €1.00 = $1.1813, the last noon buying rate in New York City published by the Federal Reserve Bank of New York in the nine months ended September 30, 2017, with regard to data for the period ended September 30, 2017.

an official stock broker or a dealer firm member of a Spanish Exchange directly. The AQS operates separate order-matching systems for block trades (which exceed certain minimum amounts) and all other trades.

In 2016 and in the nine months ended September 30, 2017, the aggregate turnover on the Spanish Exchanges, for equity securities was around €630 billion and €483 billion, respectively, and as of December 31, 2016 and September 30, 2017 the overall market capitalization of equity securities listed on the Spanish Exchanges was approximately €568 billion and €680 billion, respectively.

II. The Market Activities for Which Relief is Sought

BBVA is a global, integrated financial services firm operating principally in Spain, Mexico, Turkey, South America and the United States. BBVA, together with its subsidiaries, is engaged primarily in retail banking, asset management, private banking and investment banking. BBVA has offices worldwide and its principal executive offices are located in Madrid, Spain. BBVA is regulated and licensed under the Bank of Spain in Spain and is subject to Spanish and European Union regulations, and its branches and affiliates in the United States are subject to applicable U.S. bank regulations, among other laws and regulations. As of December 31, 2016, BBVA was one of the largest banking groups in Spain in terms of customer deposits. In 2016 and in the nine months ended September 30, 2017, BBVA had consolidated net income attributed to the parent company of approximately €3.5 billion ($3.7 billion) and €3.5 billion ($4.1 billion), respectively, and at September 30, 2017 it had total assets of approximately €691 billion ($816 billion) and total equity of approximately €54 billion ($64 billion).

The Spanish Companies are either business units or subsidiaries of BBVA and have separate management in charge of day-to-day operations. Although the Spanish Companies have offices outside Spain and the United States, the principal executive offices of the Spanish Companies are located in Madrid and the Spanish Companies' market activities for which BBVA is seeking relief will occur solely on the BBVA Shares Exchanges and be managed principally by representatives in Madrid who operate within information barriers, as further discussed below. The Spanish Companies have confirmed that the activities described below, for which they are requesting relief, are permitted under and would be conducted in accordance with applicable European Union, Spanish and other local laws.

In the United States, BBVA conducts a securities business through a separate subsidiary, BBVA Securities, Inc., which has its principal offices in New York City. BBVA Securities, Inc. is registered with the SEC as a broker-dealer and is a member of the Financial Industry Regulatory Association. In the rest of the world, excluding Spain, BBVA conducts securities and related businesses through the International Brokerage Units, the International Trading Units and the International Asset Managers. With respect to those activities for which BBVA is seeking relief, BBVA Securities, Inc. will only engage in unsolicited brokerage activities involving BBVA Shares or ADSs in the United States. The rest of the activities for which BBVA is seeking relief (including unsolicited brokerage and asset management) will be conducted by BBVA and the Global Companies outside the United States as described below.

Market Making Activities. As is customary in Spain for financial institutions, BBVA engages in market-making activities with respect to BBVA Shares through its Market-Making Subsidiary. The Market-Making Subsidiary makes bids and offers for BBVA Shares and purchases and sells BBVA Shares on the BBVA Shares Exchanges. The Market-Making Subsidiary effects these transactions in the ordinary course of business for its own account in order to provide liquidity to the market, primarily in the context of temporary imbalances in the supply and demand for BBVA Shares. The Market-Making Subsidiary conducts its market-making activities outside the United States and manages these activities from Madrid. The Market-Making Subsidiary conducts its activities pursuant to written procedures and is subject to the supervision of different internal control units of BBVA.

As noted above, the BBVA Shares Exchanges is an order-matching system, not an inter-dealer market with formal, officially designated market makers. The Market-Making Subsidiary engages in its market-making activities by placing bids and offers on the AQS, primarily through one of the Brokerage Units. However, the Market-Making Subsidiary is not required to and does not maintain independently established bid and ask prices. In connection with block trades, if an adequate counterparty order is not available on the AQS at the time that the bid or offer is placed, the broker through which the order was placed, or the Market-Making Subsidiary itself, may solicit counterparty orders. The Market-Making Subsidiary is not required to make a market in the BBVA Shares. Accordingly, the Market-Making Subsidiary does not act as a *"market maker"* as that term is understood in the U.S. securities markets.

BBVA believes that the Market-Making Subsidiary is the only market maker for BBVA Shares on the Spanish Exchanges and, during 2016 and the nine months ended September 30, 2017, the Market-Making Subsidiary's activities accounted for approximately 1.1% and 0.8%, respectively, of the average daily trading volume in BBVA Shares on the Spanish Exchanges. At times when supply has significantly exceeded demand, its share of such average daily trading volume has increased, with its activities during any day during 2016 and the nine months ended September 30, 2017 accounting for a maximum of 7% and 5.6%, respectively, of the trading volume in BBVA Shares on the Spanish Exchanges on such day. The monthly average percentage of outstanding BBVA Shares held as a result of market-making activities ranged from 0.11% to 0.66% in 2016 and from nil to 0.2% in the nine months ended September 30, 2017.

During the Regulation M restricted period for the Offering (the "**Restricted Period**"),[11] the Market-Making Subsidiary intends to continue its activities in the ordinary course of business.

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[11] The Regulation M Restricted Period relating to the Offering is discussed in Section IV of this letter—"Application of Regulation M."

Derivatives Hedging Activities. In connection with BBVA Share Derivatives that the Trading Unit and the Brokerage Units enter into with, or sell to or buy from, customers in unsolicited transactions, the Trading Unit and the Brokerage Units solicit and effect trades in BBVA Shares for their own accounts and for the accounts of their customers for the purpose of hedging positions (or adjusting or liquidating existing hedging positions) belonging to them and their customers that are established in connection with these derivatives activities. These hedging transactions are effected outside the United States, through the AQS, and during 2016 and the nine months ended September 30, 2017, represented approximately 2.87% and 3%, respectively, of the average daily trading volume in BBVA Shares on the Spanish Exchanges.

In addition, the Trading Unit and the Brokerage Units expect to hold BBVA Share Derivatives as part of their portfolios of solicited, proprietary trading derivatives at the time the Restricted Period commences and would expect to continue to hedge these derivatives (through the purchase and sale of BBVA Shares) during the Restricted Period. All such BBVA Share Derivatives will have been entered into in the ordinary course of business and not in contemplation of the Offering. The Trading Unit and the Brokerage Units would not seek to hedge any additional BBVA Share Derivatives acquired or entered into in connection with solicited, proprietary trading activities subsequent to the commencement of the Restricted Period.

As noted above, the International Trading Units and the International Brokerage Units also engage in such hedging activities in the ordinary course of business in their respective jurisdictions, each of which is outside the United States.

Trading in BBVA Shares by the Asset Managers. As part of their investment management activities, the Asset Managers buy and sell BBVA Shares outside the United States for the Managed Funds' accounts. Under Spanish law, the Asset Managers have a fiduciary duty to oversee the Managed Funds in a manner that is in the best interests of the investors of those funds. The Asset Managers are prohibited by law from taking into account any factors other than the interests of the funds' beneficiaries in making investment decisions. Accordingly, the Asset Managers would be prohibited by law from following a directive by BBVA to cease trading BBVA Shares during the Restricted Period, unless the Asset Managers believed that cessation of such trading was in the best interests of the Managed Funds' beneficiaries.[12] Similarly, the Asset Managers would be prohibited by law from following a BBVA directive to bid for or purchase BBVA Shares unless the Asset Managers independently concluded that such bids or purchases were in the best interests of the Managed Funds' beneficiaries.

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[12] Some of the pension funds managed by the Asset Managers have an "investment oversight committee" charged with overseeing the investments made by the Asset Managers. In certain cases, representatives and/or employees of BBVA or its affiliates may be members of those investment oversight committees. However, those committees (and their members) would be unable to require the pension fund Asset Manager to stop or start trading BBVA Shares during the Restricted Period if the Asset Manager did not believe it was in the best interests of the fund's owners to do so. The representatives and/or employees of BBVA who participate on the investment oversight committees are, like the Asset Managers themselves, isolated by information barriers from the areas of BBVA where price-sensitive information relating to BBVA Shares and where information relating to the Offering would be discussed.

As noted above, the International Asset Managers also engage in mutual fund, pension fund and investor portfolio investment management activities for Managed Funds' accounts in the ordinary course of business in their respective jurisdictions and generally would be subject to similar fiduciary duties under the laws of those jurisdictions.[13] The International Asset Managers conduct these activities outside the United States.

Trading in BBVA Shares by the Insurance Company. The Insurance Company purchases BBVA Shares in connection with investing premiums paid on Asset Class Policies, which require investments within a narrow class of assets, such as the IBEX 35 Index, that may include BBVA Shares. The Insurance Company conducts these activities outside the United States.

Under Spanish law, the Insurance Company has a fiduciary duty to the purchasers of Asset Class Policies to oversee the investments with respect to those policies in a manner that is in the best interests of those purchasers. The Insurance Company may not take into account any factors other than the interests of its insureds in making investment decisions under these policies. Accordingly, the Insurance Company would be prohibited by law from following, with respect to the Asset Class Policies, a directive by BBVA to cease trading BBVA Shares during the Restricted Period, unless such a halt in trading were in the best interests of the purchasers of those policies. Similarly, the Insurance Company would be prohibited by law from following a BBVA directive to bid for or purchase BBVA Shares unless the Insurance Company independently concluded that such bids or purchases were in the best interests of its insureds under the Asset Class Policies.

Unsolicited Brokerage Activities. The Brokerage Units engage in full-service brokerage activities outside the United States for their customers through ordinary customer facilitation and related services. These services involve discussions with customers regarding investment strategies, including with respect to BBVA Shares, and buying and selling BBVA Shares in Spain and elsewhere outside the United States as both principal and agent in connection with such customers' unsolicited orders.[14] The unsolicited brokerage activities of the Brokerage Units (excluding trades executed by the Brokerage Units on behalf of the Market-Making Subsidiary) represented approximately 17% and 11% of the average daily trading volume in BBVA Shares on the Spanish Exchanges during 2016 and the nine months ended September 30, 2017, respectively.

[13] In the absence of the requested relief being granted, prior to the commencement of the Restricted Period, BBVA would issue advisory notices to the Asset Managers and International Asset Managers informing them that any trading by them in BBVA Shares during the Restricted Period could result in a violation of U.S. law. However, in light of the fiduciary duties that the Asset Managers and the International Asset Managers have to the beneficiaries of the Managed Funds (as further described above), no assurances can be given that such asset managers will in fact refrain from trading in BBVA Shares during the Restricted Period. Accordingly, we are asking that the requested relief cover the asset management activities of the Asset Managers and the International Asset Managers to the extent that such asset managers continue to trade in BBVA Shares in the ordinary course of business during the Restricted Period.

[14] In addition, although the buy or sell orders received by the Brokerage Units from their customers are unsolicited, the Brokerage Units may solicit the other sides of these transactions.

Although the Brokerage Units from time to time provide advice to their customers regarding an investment in BBVA Shares, none of the Brokerage Units, BBVA or any subsidiary of BBVA publishes research reports concerning BBVA.[15] Furthermore, the Brokerage Units' personnel will be instructed not to make any investment recommendations to their customers with respect to either BBVA Shares or ADSs during the Restricted Period.

As of September 30, 2017, 41.3% of BBVA Shares were held by customers of BBVA and its affiliates in securities accounts at BBVA and its affiliates in Spain. The Brokerage Units are required by Spanish law, as well as, in some cases, by the terms of their contracts with such customers, to facilitate the trading activity of customers as described above.[16] It would place a substantial burden on these customers to require them to transfer their BBVA Shares to a securities account with another bank, or to have the Brokerage Units place orders with another bank, in order to make trades with respect to the BBVA Shares during the Restricted Period. Moreover, the Brokerage Units would likely lose a significant number of these customers if they were prevented from providing them with customary facilitation services during this time period.

As noted above, BBVA Securities, Inc. engages in unsolicited brokerage transactions with its customers in the United States, which may involve BBVA Shares or ADSs. These transactions are effected on the NYSE, in the over-the-counter market and, occasionally, through the AQS in Spain. In addition, the International Brokerage Units also engage in unsolicited brokerage transactions with their customers in their respective jurisdictions, each of which is outside the United States. The personnel of BBVA Securities, Inc. and the International Brokerage Units will be instructed not to make any investment recommendations to their customers with respect to either BBVA Shares or ADSs during the Restricted Period.

Significance to Market. As noted above, during 2016 and the nine months ended September 30, 2017, the Market-Making Subsidiary's activities accounted for approximately 1% and 1%, respectively, of the average daily trading volume in BBVA Shares on the Spanish Exchanges, while the derivatives hedging activities of the Trading Unit and the Brokerage Units and the unsolicited brokerage activities of the Brokerage Units (excluding trades executed on behalf of the Market-Making Subsidiary) represented approximately 3% and 17%, respectively, of such average trading volume in 2016 and approximately 3% and 11%, respectively, of such average trading volume in the nine months ended September 30, 2017. In the aggregate, these activities represented approximately 21% and 15%, respectively, of the average daily trading volume in BBVA Shares on the Spanish Exchanges during 2016 and the nine months ended September 30, 2017, making BBVA, on an aggregate basis, one of the largest participants in the market for BBVA Shares on the Spanish Exchanges.

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[15] Accordingly, none of the International Brokerage Units or BBVA Securities Inc. publishes research reports concerning BBVA.

[16] The Brokerage Units are not required, however, to buy or sell BBVA Shares as principal for the benefit of their clients.

Information Barriers. BBVA has established information barrier procedures to prevent price-sensitive information from passing between any area in which market-making, derivatives hedging, asset management (including any investment oversight committee), insurance or brokerage activities of the Global Companies are conducted and any other area of BBVA in which price-sensitive information relating to BBVA Shares, including information relating to the Offering, would be available. Accordingly, during restricted periods prior to announcements of earnings results or other material developments that have not yet become public, BBVA and the Global Companies are generally able to continue their respective market activities as described herein. BBVA will continue to maintain these information barrier procedures during the Restricted Period. Furthermore, the Global Companies will continue to conduct their market activities free of direction from senior management of BBVA, including management with responsibility for the Offering.

III. The Offering

On September 25, 2017, BBVA filed a post-effective amendment to its shelf Registration Statement on Form F-3 to register the Contingent Convertible Preferred Securities, which became effective upon filing in accordance with the rules of the SEC. Pursuant to the rules of the SEC, BBVA plans to file a prospectus supplement pursuant to Rule 424(b) reflecting the specific terms of the Contingent Convertible Preferred Securities. The features of the Contingent Convertible Preferred Securities reflect requirements for capital treatment under CRD IV (as defined below):

Automatic Conversion to BBVA Shares. The Contingent Convertible Preferred Securities will automatically and mandatorily convert to BBVA Shares upon a capital adequacy-related trigger event, defined in this instance as occurring at any time when the Common Equity Tier 1 Capital Ratio, calculated in accordance with the European Union's Capital Requirements Directive IV ("**CRD IV Directive**"),[17] related Capital Requirements Regulation ("**CRR**")[18] and related laws, rules, regulations and implementing measures (together with the CRD IV Directive and the CRR, "**CRD IV**"),[19] of BBVA or BBVA together with its consolidated subsidiaries falls below 5.125%.[20] Unless a holder elects otherwise, the Contingent Convertible Preferred Securities will also automatically convert to BBVA Shares upon a capital reduction event, defined in this instance as occurring if BBVA's shareholders adopt a resolution to reduce BBVA's share capital and to reimburse

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[17] Directive 2013/36/EU of the European Parliament and of the Council of June 26, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

[18] Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, on the prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012.

[19] The requirements for contingent convertible debt securities qualifying as additional tier 1 capital are primarily established by CRD IV (in particular, in Articles 51 to 55 of the Capital Requirements Regulation), as supplemented by Commission Delegated Regulation (EU) No 241/2014, issued on January 7, 2014. CRD IV revised the European Union's previous Capital Requirements Directive in response to the new global regulatory frameworks on bank capital adequacy and liquidity adopted by the Basel Committee on Banking Supervision in December 2010 and generally known as "Basel III."

[20] As at June 30, 2017, the Common Equity Tier 1 Capital Ratio of BBVA as calculated in accordance with CRD IV was estimated to be 11.76% (phased-in).

the value of shareholders' contributions through a reduction in the nominal value of the BBVA Shares (the "**Capital Reduction**").[21] The Contingent Convertible Preferred Securities are not otherwise convertible at the option of the holders or BBVA at any time, nor is conversion otherwise automatic or mandatory (subject to the statutory write-down and/or conversion powers of applicable Spanish or European authorities).

No Maturity Date. The Contingent Convertible Preferred Securities have no fixed maturity or redemption date, and are instead perpetual instruments (though they are callable by BBVA after a fixed period, subject to regulatory approval).

Interest Payments Discretionary. Interest on the Contingent Convertible Preferred Securities may generally be paid at periodic intervals, subject to the availability of distributable reserves and the solvency of BBVA. In addition, BBVA must, in its sole discretion, have the right not to make interest payments at any time. Failure to pay interest cannot be an event of default.

Subordination. The Contingent Convertible Preferred Securities are subordinated to all senior and subordinated securities, instruments and other obligations of BBVA not qualifying as tier 1 capital instruments under CRD IV.

The Contingent Convertible Preferred Securities will be issued pursuant to an indenture qualified under the Trust Indenture Act of 1939, as amended. In addition, the Contingent Convertible Preferred Securities will be governed by New York law, except that, as is customary for regulatory capital instruments issued by international banking groups, the subordination provisions will be governed by the law of BBVA's jurisdiction of incorporation, Spain.

BBVA expects that the Offering will be launched the week of November 6, 2017 and that the Contingent Convertible Preferred Securities will be marketed exclusively to institutional investors, especially those focused on subordinated regulatory bank capital and similar fixed income products. BBVA expects the issue price of the Contingent Convertible Preferred Securities to be based primarily on a spread above an appropriate benchmark to reflect BBVA's credit risk, rather than on the current and expected trading price of the BBVA Shares.

IV. Application of Regulation M

In connection with the Offering, BBVA, directly or through underwriters (as defined under the Securities Act), will offer the Contingent Convertible Preferred Securities which, under certain very limited circumstances, could automatically and mandatorily convert into BBVA Shares. Although BBVA expects that the Contingent Convertible Preferred Securities will be priced and trade more like traditional fixed-income debt instruments than conventional convertible

[21] Under Spanish law, holders of convertible securities have the statutory right to convert such securities upon the adoption by the shareholders' meeting of a resolution of capital reduction by reimbursement of cash contributions (*restitución de aportaciones*) to shareholders by way of a reduction in the nominal value of the shares of such shareholders. This conversion right is granted as a general protection to investors in both mandatory and contingent convertible securities of Spanish companies (including banks). The Contingent Convertible Preferred Securities provide for the automatic conversion into BBVA Shares in the event of the Capital Reduction. However, holders of Contingent Convertible Preferred Securities may request that their Contingent Convertible Preferred Securities not be so converted.

instruments, BBVA Shares and ADSs may be deemed to be "reference securities" in relation to the Contingent Convertible Preferred Securities pursuant to Rule 100 of Regulation M. As a result, BBVA Shares and ADSs may be deemed to be "covered securities" for purposes of the Offering.

The underwriters and BBVA will determine the issue price for the Contingent Convertible Preferred Securities following a period of meetings and discussions with prospective investors. BBVA believes that, under Regulation M, the Restricted Period will begin one business day prior to the determination of the issue price, and will end upon the completion of the distribution of the Contingent Convertible Preferred Securities in the United States. Accordingly, the Restricted Period for BBVA and the Global Companies is expected to last up to several days.

Subject to enumerated exceptions, Rule 102 of Regulation M makes it unlawful for an issuer or its affiliated purchaser, directly or indirectly, to bid for, purchase, or attempt to induce any person to bid for or purchase a covered security during the applicable restricted period. Accordingly, if BBVA Shares and ADSs are considered covered securities, the market activities of BBVA and the Global Companies may be subject to Rule 102 of Regulation M throughout the Restricted Period, except to the extent that any of them acts as a "distribution participant" subject to Rule 101 of Regulation M.

As business units or affiliates of BBVA that, from time to time, purchase BBVA Shares and ADSs for their own accounts and the accounts of others and recommend and exercise investment discretion with respect to the purchase of BBVA Shares and ADSs, the Global Companies may be deemed to be "affiliated purchasers" of BBVA, as defined in Rule 100 of Regulation M. As such, their market activities will be subject to Rule 102 throughout the Restricted Period, except to the extent that any of them acts as a "distribution participant" subject to Rule 101.[22]

If BBVA or any of the Global Companies participates in the Offering it would likely be a "distribution participant" and thus its market activities would be subject to Rule 101 during the Restricted Period, at least until it completes its participation, after which it will be subject to Rule 102 as an affiliated purchaser until the Restricted Period ends.[23] As such, we request relief for the market activities of BBVA and the Global Companies described in this letter under both Rules 101 and 102, whichever may apply.

Under both Rule 101 and Rule 102, BBVA and the Global Companies would not be permitted to bid for or purchase, or attempt to induce any person to bid for or purchase, BBVA Shares or ADSs during the Restricted Period, except to the extent that one of the specified exceptions under the applicable rule is available. There are no exceptions available under Rule 102 that would permit BBVA and the Global Companies to engage in the market-making, derivatives hedging, asset management and insurance activities described in Section II of this letter. In addition, there are no exceptions available under Rule 102 that would permit BBVA and the Global Companies to engage in the unsolicited brokerage activities described in Section II of this

[22] It is expected that BBVA will act as Joint Global Coordinator (but not underwriter) for the Offering and engage in solicitation activities outside of the United States, and thus would be a distribution participant.

[23] Although, as discussed more fully below, the BBVA Shares easily meet the ADTV and public float requirements set forth in Rule 101(c)(l), the exception for actively traded securities would not be available because the Global Companies are affiliates of BBVA.

letter. Therefore, without the requested exemptive relief, BBVA and the Global Companies would not be permitted to engage in their respective activities throughout the Restricted Period.

BBVA believes that the withdrawal of one of the largest market participants in BBVA Shares in the primary market for those shares, which are among the most actively traded in Spain, would have serious harmful effects in the home market, and, indirectly, in the U.S. market, for BBVA Shares. These effects could include an imbalance of buy and sell orders, and thus greater volatility and reduced liquidity.

If the Trading Unit and the International Trading Units and the Brokerage Units and the International Brokerage Units are precluded from effecting hedging transactions in BBVA Shares relating to BBVA Share Derivatives on behalf of their customers, and on behalf of themselves in the case of BBVA Share Derivatives held by them in order to accommodate customer requests, the application of Regulation M could have serious adverse effects on their ability to meet their clients' demands for BBVA Share Derivatives. Given that these hedging transactions are entered into in connection with BBVA Share Derivatives which were entered into by or at the requests of their customers, these business units would have to cease providing such derivatives services to their customers if they were prohibited from effecting these hedging transactions.

Separately, if the Trading Unit and the International Trading Units and the Brokerage Units and the International Brokerage Units are precluded from effecting hedging transactions in BBVA Shares relating to BBVA Share Derivatives held in their proprietary trading portfolios prior to the commencement of the Restricted Period and entered into in the ordinary course of business and not in contemplation of the Offering, these units may be forced to unwind these derivatives or to incur losses as a result of their inability to properly hedge these transactions.

Absent an exemption, the Brokerage Units, BBVA Securities, Inc. and the International Brokerage Units may also be unable to execute brokerage orders submitted by their customers in the normal course, thereby forcing their customers to take their orders elsewhere. In view of the leading position of BBVA and its subsidiaries in maintaining the accounts in which BBVA Shares are held and executing trades in BBVA Shares on the Spanish Exchanges, BBVA believes significant market disruption could occur if the Brokerage Units could no longer execute trades in BBVA Shares requested by clients.

Given the importance of BBVA Shares to the overall Spanish securities market, to prohibit the Asset Managers from trading BBVA Shares during the Restricted Period, would have a significant adverse effect on their ability to manage their investments on behalf of their clients. Furthermore, in the case of the Asset Managers and the International Asset Managers, it would be a violation of their fiduciary duties to the beneficiaries of the Managed Funds for such asset managers to refrain from, or engage in, trading BBVA Shares as a result of investment instructions received from their parent company unless such action were in the best interests of such beneficiaries.

Similarly, the Insurance Company has fiduciary duties to the purchasers of Asset Class Policies to oversee the investments with respect to those policies in a manner that is in the best interests of those purchasers. Accordingly, the Insurance Company may not refrain from, or engage in, trading BBVA Shares as a result of investment instructions received from BBVA, unless such action is in the best interests of the purchasers of those policies.

As noted above, the International Asset Managers, the International Trading Units, BBVA Securities, Inc. and the International Brokerage Units historically have engaged in low volumes of trading in BBVA Shares and ADSs. Accordingly, BBVA believes that because these units intend to conduct the trading activities that are the subject of this request for exemptive relief in a manner consistent with their past practices, it is unlikely that such activities could have any price effect on the markets for BBVA Shares or ADSs.

The BBVA Shares would easily qualify as actively traded securities that are exempt under Rule 101(c)(1), with a worldwide average daily trading volume in 2016 and the nine months ended September 30, 2017 (based on the value of such trading volume) of approximately €400 million ($422 million) and €444 million ($524 million), respectively, and a public float value of approximately $59.5 billion as of September 30, 2017. Regulation M normally would not interfere with market-making and other market activities in actively traded securities, such as the BBVA Shares. However, because the Global Companies are affiliated purchasers of the issuer, they may not rely on the actively traded securities exception to do what market makers and brokers for large U.S. issuers are normally allowed to do during distributions by those issuers.

Finally, BBVA believes that the risk of market manipulation by BBVA or the Global Companies is further limited by the information barrier procedures and fiduciary duties described above, the fact that the market activities that are the subject of this request for exemptive relief are the ordinary course market activities of BBVA and the Global Companies rather than activities commenced or managed in contemplation of the Offering and the fact that the jurisdictions in which the Global Companies operate have laws which prohibit market manipulation (as further discussed below).

For these reasons, BBVA asks the Staff to provide an exemption from Regulation M that would allow BBVA and the Global Companies to continue to engage in the ordinary course market activities described above during the Restricted Period, as permitted under market practice and applicable law in their home jurisdictions.

V. The Spanish Regulatory Market

The principal regulations that apply to the Spanish Companies' market activities under Spanish law are the Spanish Securities Market Act (the "**SSMA**"), Regulation EU nº 596/2014 of April 16, 2014 ("**Regulation 596/2014**") of the European Parliament and of the Council relating to market abuse (which is directly applicable in Spain and to Spanish Companies as a member of the European Union),[24] and, to the extent they do not contravene Regulation 596/2014, Royal Decree 1333/2005 (relating to market abuse) and Royal Decree 217/2008 (relating to regulations governing the activities of investment firms). We expect that the SSMA and Royal Decree 217/2008 will be amended by January 3, 2018 to comply with certain European Union rules and regulations, in particular Directive 2014/65/EU and Regulation EU 600/2014 ("**Mifid II**"), which impose additional regulations applicable to the Spanish Companies' market activities. The SSMA established an independent regulatory authority, the *Comisión Nacional del Mercado de Valores* (the "**CNMV**"), to supervise the Spanish securities markets. The SSMA and Regulation 596/2014 govern, among other things, trading practices, tender offers, insider trading and

[24] Regulation 596/2014 repeals European Directives 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72 EC.

disclosure. In particular Articles 14 and 15 of Regulation 596/2014,[25] and currently Chapter II of Title VII[26] (which includes Articles 220 to Article 232) and Article 282.5[27] of the SSMA, prohibit market manipulation. Under the SSMA, the CNMV oversees price formation, execution and the settlement of transactions to ensure that insider trading, price manipulation and other breaches of law may be detected. The CNMV has a division which has responsibility for market supervision, monitoring compliance, investigating violations and imposing disciplinary measures. The CNMV also takes measures to ensure that information necessary to maintain a transparent market is made public. This applies, in particular, to the prices, time frames and volumes of securities traded on and off the Spanish Exchanges. Finally, the CNMV has also approved specific recommendations for securities issuers and financial intermediaries acting on their behalf in discretionary transactions with their own shares; establishing specific recommendations about prices, volume, time frames, internal organization, oversight and disclosures on these activities to the CNMV and the market.[28] Finally, the European Securities and Markets Authority, or ESMA, has certain supervisory powers for coordinating and ensuring the uniform application of Regulation 596/2014 across the European Union, including Spain.

The Spanish Criminal Code also provides remedies for abusing confidential information that is likely to influence the prices of securities. Market manipulation and dissemination of false rumors to affect the prices of listed securities to realize a gain are prohibited. The breach of professional secrecy, insider trading and price manipulation in Spain are criminal offenses. In particular, Article 284 of Spain's Criminal Code establishes criminal liability for employment of any machination with the intent to alter prices that would otherwise result from a free market for, among other things, securities.

Under Spanish law, BBVA and its subsidiaries are prohibited from purchasing BBVA Shares unless the purchase of BBVA Shares is generally authorized at a meeting of shareholders of BBVA, and BBVA creates reserves equal to the acquisition price of any BBVA Shares that are actually purchased. In addition, the total number of BBVA Shares held by BBVA and its subsidiaries may not exceed 10% of the total capital stock of BBVA. Spanish law requires that the CNMV be notified each time BBVA and its subsidiaries acquire, on an aggregate basis, 1% of the outstanding capital stock of BBVA (without deducting any sales of BBVA Shares which may

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[25] Article 14 of Regulation 596/2014 provides that a person shall not:

(a) engage or attempt to engage in insider trading;

(b) recommend that another person engage in insider trading or induce another person to engage in insider trading; or

(c) unlawfully disclose inside information.

Article 15 of Regulation 596/2014 established that a person shall not engage in or attempt to engage in market manipulation.

[26] Chapter II of Title VII of the SSMA, includes, among others, Article 231, which first paragraph provides:

> Any person or entity acting or otherwise related to the securities markets shall refrain from engaging in activities that may distort the free development of prices in the securities markets.

[27] Currently, Article 282 provides that the breach of Article 231 of the SSMA by the individuals and institutions referred to in Article 271 of the SSMA (including brokers, market makers and their respective officers) constitutes an "extremely serious infringement," provided, however, that such breach has a material effect on the price (of the relevant security). In the event that the effect on the price is not material, such breach would still constitute a "serious infringement" as per Article 295.4 of the SSMA.

[28] Recommendations approved by CNMV Board on 18 July 2013.

have been made since any prior notice). In addition, in accordance with Regulation 596/2014, purchase programs relating to BBVA Shares must be disclosed to the market prior to any transaction. Finally, the Bank of Spain requires BBVA to provide monthly reports of the number of BBVA Shares held by BBVA and its subsidiaries, the number of BBVA Shares held for hedging purposes and the number of BBVA Shares held by third parties whose purchase was either financed by or pledged to BBVA or any of its subsidiaries.

Pursuant to Spanish regulations relating to conduct in the securities markets, the Brokerage Units must keep records of orders received from any third party regarding BBVA Shares and any other security as well the execution of such order. The Brokerage Units must also keep records relating to transactions in which they are acting as principals. The information contained in such records must include identification of the client, the number, type and price of securities bought or sold, and the market on which the transaction is effected. These records must be made available to the CNMV upon request. In addition, the Trading Unit, the Market-Making Subsidiary, the Insurance Company and the Asset Managers must also maintain records relating to the transactions in which they engage, including the number, type and price of securities bought or sold.

The activities with respect to which BBVA is seeking relief hereunder would be conducted in the ordinary course of business and in accordance with the foregoing and all other applicable European Union and Spanish anti-market abuse and other laws.

VI. Relief Requested

As discussed above, BBVA is seeking exemptive relief from the application of Rules 101 and 102 of Regulation M to permit BBVA and the Global Companies to continue to engage in the market-making, derivatives hedging, asset management, insurance and unsolicited brokerage activities involving BBVA Shares and ADSs, as described in Section II of this letter, during the Restricted Period. These activities would be conducted in the ordinary course of business and, subject to the requested relief being granted, in accordance with all applicable law, all as described in this letter.

As a condition to the relief being requested, none of the transactions for which relief is being requested will occur in the United States, except transactions in connection with unsolicited brokerage activities by BBVA Securities, Inc., as described in this letter.

As another condition to the requested relief, all of the transactions for which relief is being requested will be effected in the ordinary course of business, as described in this letter, and not for the purpose of facilitating the Offering.

As another condition to the exemptive relief being requested, BBVA will include disclosure in the prospectus supplement that will be prepared in connection with the Offering. The disclosure will be substantially as follows:

> *"BBVA and certain of its affiliates will continue to engage, including during the Offering, in various dealing and brokerage activities involving BBVA Shares (including in the form of ADSs) when and to the extent permitted by applicable law. Among other things, BBVA and certain of its affiliates, as the case may be, intend (i) to provide liquidity to the market by purchasing and selling BBVA Shares for their own account or to facilitate customer*

transactions; (ii) to make a market, from time to time, in derivatives (such as options, warrants, convertible securities and other instruments) relating to BBVA Shares for their own account and the accounts of their customers; (iii) to engage in trades in BBVA Shares for their own account and the accounts of their customers for the purpose of hedging their positions established in connection with the derivatives market making described above; (iv) to market and sell to customers funds which include BBVA Shares; (v) to provide to customers investment advice and financial planning guidance which may include information about BBVA Shares, (vi) to engage in unsolicited brokerage transactions in BBVA Shares and derivatives thereon with their customers; and (vii) to trade in BBVA Shares and derivatives thereon as part of their asset management activities for the accounts of their customers. These market activities have occurred and are expected to continue to occur both outside and, to a lesser extent, inside the United States, solely in the ordinary course of business and not in contemplation of the Offering."

As described above, under Spanish law, companies listed on the Spanish Stock Exchanges, such as BBVA, as well as the subsidiaries of listed companies, are required to notify the CNMV of any direct or indirect acquisition of their treasury stock, or of shares of the parent company in the case of subsidiaries, representing over 1% of the outstanding capital stock of such listed company (without deducting any sales of shares which may have been made since any prior notice). The information regarding such stock acquisitions is available to the public on the official website of the CNMV.

In addition, as a condition to the relief being requested, BBVA will undertake to keep records (the "**Records**") of the date and time when any BBVA Shares are purchased or sold, the market in which the purchase or sale is effected, the amount of BBVA Shares purchased or sold and the price of the purchase or sale, for each purchase or sale of BBVA Shares that BBVA and the Global Companies make in the United States during the Restricted Period (this information with respect to BBVA and to the Global Companies (other than BBVA Securities, Inc.) will not include any client-specific data, the disclosure of which is restricted under local law). BBVA will maintain the Records for a period of two years following the completion of the Offering. Upon the written request of the Director of the Division of Trading and Markets of the SEC, BBVA will make a copy of the relevant Records available at the SEC's offices in Washington, D.C.

As a final condition to the relief being requested, except as otherwise permitted by the relief being requested, BBVA and the Global Companies will comply with Regulation M in connection with the Offering.

In connection with the relief requested by BBVA in this letter, please note that substantially similar exemptive relief from Rule 101 and Rule 102 of Regulation M was granted by the Staff to BBVA with respect to market-making, derivatives hedging and unsolicited brokerage activities in the exemptive letters dated June 25, 2007,[29] October 28, 2010[30] and November 17, 2014.[31] Further, exemptive relief from Rule 101 and Rule 102 of Regulation M in connection with

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[29] See Banco Bilbao Vizcaya Argentaria, S.A., SEC No-Action Letter, File No. TP 07-67 (June 25, 2007).

[30] See Banco Bilbao Vizcaya Argentaria, S.A., SEC No-Action Letter, File No. TP 10-69 (October 28, 2010).

[31] See Banco Bilbao Vizcaya Argentaria, S.A., SEC No-Action Letter, File No. TP 15-05 (November 17, 2014).

offerings of contingent convertible debt securities qualifying as additional tier 1 capital has been granted to: (i) Lloyds Banking Group plc under the exemptive letter dated March 25, 2014;[32] (ii) Barclays PLC under the exemptive letter dated May 14, 2014;[33] (iii) ING Groep N.V. under the exemptive letter dated April 7, 2015;[34] and (iv) the Royal Bank of Scotland Group plc under the exemptive letter dated August 8, 2016.[35]

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If you have any questions about this request, please do not hesitate to contact me at +34-91-768-9610. We appreciate your assistance in this matter.

Very truly yours,

Michael J. Willisch

cc: Domingo Armengol, BBVA

Antonio Borraz, BBVA

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[32] See Lloyds Banking Group plc, SEC No-Action Letter, File No. TP 14-07 (March 25, 2014). Similar relief was also provided to Lloyds Banking Group plc in the exemptive letter dated September 16, 2013, File No. TP 13-12.

[33] See Barclays PLC, SEC No-Action Letter, File No. TP 14-09 (May 14, 2014). Similar relief was also provided to Barclays PLC in the exemptive relief letters dated November 7, 2013, File No. TP 14-04, and July 31, 2013, File No. TP 13-10.

[34] See ING Groep N.V., SEC No-Action Letter, File No. TP 15-11 (April 7, 2015).

[35] See The Royal Bank of Scotland Group plc, SEC No-Action Letter, File No. TP 16-11 (August 8, 2016). Similar relief was also provided to The Royal Bank of Scotland Group plc in the exemptive letter dated August 3, 2015, File No. TP 15-12.