

The logo consists of the letters 'BBVA' in a bold, sans-serif font, followed by a stylized upward-pointing triangle symbol.

Corporate &  
Investment Banking

Creando Oportunidades

# Identification of the main execution venues and the quality of execution of BBVA S.A. clients orders executions

Period 2017

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## 1. Introduction

In order to comply with the client protection objectives and transparency demanded by the stock markets regulatory legislation, the European Commission has adopted, among others, the Delegated Regulation (EU) 2017/576 of 8 June 2016 (from now on, the **"Delegated Regulation"**) supplementing Directive 2014/65/EU of the European Parliament and of the Council. It establishes that the investment firms that provide investment services will publish the identity of the top five execution venues, in terms of trading volume, where the client's trades have been executed, depending on the type of client and the financial instrument, as well as information about the execution quality obtained by the entity.

This document includes the information required by the Delegated Regulation related to those types of instruments on which BBVA (from now on, **"BBVA"** or the **"Entity"**) executes their client's orders, so it will not include other types of instruments on which the Entity does not provide this type of services.

Furthermore, it is worth mentioning that until MiFID II entrance, BBVA does not have enough detail to proportionate the total of the information requested by the Delegated Regulation, such as the percentage of passive orders, aggressive or directed orders for 2017.

This document will be published in a machine-readable electronic format, which could be downloaded by the public during the next two years on the Entity website (<http://www.bbvacib.com>).

## 2. Identification of the top five execution venues and brokers in terms of trading volume for all executed client orders per class of financial instrument

It is shown below an identification of the top five execution venues in terms of trading where the client's orders have been executed by BBVA during 2017, broken down by the client categorization and the category of the financial instrument.

### 2.1. Retail clients

#### 2.1.1. Execution

##### Equities – Shares and depository receipts

Client type	Interaction	Class of instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Execution	Equities - Shares & Depository Receipts	01/01/2017	31/12/2017	N
Top five investment firms ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Madrid Stock Exchange XMAD	60.13	52.59	0.28	2.29	0.03
Bilbao Stock Exchange XBIL	23.33	35.24	0	0	0
Barcelona Stock Exchange XBAR	13.18	7.08	0	0	0
Valencia Stock Exchange XVAL	1.63	4.28	0	0	0
Deutsche Börse XETX XETA	0.59	0.18	0	0	0

##### Other instruments

Client type	Interaction	Class of instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Execution	Other instruments	01/01/2017	31/12/2017	N
Top five investment firms ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Madrid Stock Exchange XMAD	77.65	98.71	0.07	0.44	0
Barcelona Stock Exchange XBAR	21.62	1.25	0	0	0
Bilbao Stock Exchange XBIL	0.73	0.04	0	0	0

## Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)

Client type	Interaction	Class of instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Execution	Exchange traded products	01/01/2017	31/12/2017	N
Top five investment firms ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
London Stock Exchange XLON	47.46	0.58	0	0	0
Deutsche Börse XETA XETA	41.5	4.48	0	0	0
Madrid Stock Exchange XMAD	8.74	89.11	0	0.22	0
Paris Stock Exchange XPAR	1.6	3.7	0	5.26	0
Borsa Italiana (MTAA) MTAA	0.57	0.97	0	20	0

## Debt instruments – Bonds\*

Client type	Interaction	Class of instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Execution	Debt instruments - Bonds	01/01/2017	31/12/2017	N
Top five investment firms ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Bloomberg Trading Facility   BMTF	73	82	0	0	0
Banco Bilbao Vizcaya Argentaria   BBVA	27	18	0	0	0

\*Data of Q4 2017 operations.

## 2.1.2. Transmission

### Equities – Shares and depository receipts

Client type	Interaction	Class of instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Transmission	Equities - Shares & Depository Receipts	01/01/2017	31/12/2017	N
Top five investment firms ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
INSTINET EUROPE LIMITED 213800MXAKR2LA1VBM44	74.8	92.35	0	0	0
Sanford C. Bernstein Limited 54930049G8WQ500USD19	7.51	1.49	0	0	0
INVESTMENT TECHNOLOGY GROUP LIMITED 213800EEC95PRUCEUP63	6.76	2.81	0	1.47	1.47
Banco Bilbao Vizcaya Argentaria (Portugal) S.A. 549300QD1160SR6LNZ76	5.85	0.95	8.7	21.74	0
Jefferies International Limited S5THZMDUJCTQZBTRV198	3.83	1.53	0	0	0

## Structured finance instruments

Client type	Interaction	Class of instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Transmission	Structured finance instruments	01/01/2017	31/12/2017	N
Top five investment firms ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
INSTINET EUROPE LIMITED 213800MXAKR2LA1VBM44	100	100	0	0	0



## Other instruments

Client type	Interaction	Class of instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Transmission	Other instruments	01/01/2017	31/12/2017	N
Top five investment firms ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Casa de Bolsa BBVA Bancomer S.A. de C.V. Grupo Financiero BBVA	55.93	20	0	0	0
INSTINET EUROPE LIMITED 213800MXAKR2LA1VBM44	44	70	0	0	0
Bank of America Merrill Lynch International Limited EYKNGVOZCB8VD9IULB80	0.07	10	0	0	0

## Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)

Client type	Interaction	Class of instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Transmission	Exchange traded products	01/01/2017	31/12/2017	N
Top five investment firms ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Sanford C. Bernstein Limited 54930049G8WQ500USD19	97.74	71.69	0	0	0
INSTINET EUROPE LIMITED 213800MXAKR2LA1VBM44	1.61	23.16	0	0	0
Bank of America Merrill Lynch International Limited EYKNGVOZCB8VD9IULB80	0.38	1.47	0	0	0
INVESTMENT TECHNOLOGY GROUP LIMITED 213800EEC95PRUCEUP63	0.16	3.31	0	0	0
Jefferies International Limited S5THZMDUJCTQZBTRV198	0.11	0.37	0	0	0

## 2.2. Professional clients

### 2.2.1. Execution

#### Equities – Shares and depository receipts

Client type	Interaction	Class of instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Professional	Execution	Equities - Shares & Depository Receipts	01/01/2017	31/12/2017	N
Top five investment firms ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Madrid Stock Exchange XMAD	39.78	54.07	0.48	0.25	0
Bilbao Stock Exchange XBIL	34.59	1.7	0	0	0
Barcelona Stock Exchange XBAR	12.13	14.46	0	0.01	0
Valencia Stock Exchange XVAL	6.18	0.13	0	0	0
Deutsche Börse XETAXETA	2.98	8.39	0	0	0

## Structured finance instruments

Client type	Interaction	Class of instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Professional	Execution	Structured finance instruments	01/01/2017	31/12/2017	N
Top five investment firms ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Borsa Italiana (MTAA) MTAA	64.57	33.33	0	0	0
London Stock Exchange XLON	35.43	66.67	0	0	0

## Other instruments

Client type	Interaction	Class of instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Professional	Execution	Other instruments	01/01/2017	31/12/2017	N
Top five investment firms ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Madrid Stock Exchange XMAD	46.29	89.38	0	0.27	0
Bilbao Stock Exchange XBIL	28.3	0.9	0	0	0
Barcelona Stock Exchange XBAR	17.82	9.28	0	0	0
Valencia Stock Exchange XVAL	3.47	0.02	0	0	0
New York Stock Exchange XNYS	3.38	0.04	0	0	0

## Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)

Client type	Interaction	Class of instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Professional	Execution	Exchange traded products	01/01/2017	31/12/2017	N
Top five investment firms ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
London Stock Exchange XLON	30.23	5.91	0	0	0
Deutsche Börse XETAXETA	20.72	15.95	0	0	0.14
Paris Stock Exchange XPAR	10.85	11.19	0.4	2.62	0
Madrid Stock Exchange XMAD	10.76	55.15	0.33	0.25	0
New York Stock Exchange XNYS	8.63	2.01	0	0	0

## 2.2.2. Transmission

### Equities – Shares and depository receipts

Client type	Interaction	Class of instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Transmission	Equities - Shares & Depository Receipts	01/01/2017	31/12/2017	N
Top five investment firms ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
GARANTI YATIRIM MENKUL KIYMETLER A.S. 789000AUE4P4X1ROG904	40.53	47.33	0	0	0
INVESTMENT TECHNOLOGY GROUP LIMITED 213800EEC95PRUCEUP63	21.48	20.52	0	0.02	0.01
INSTINET EUROPE LIMITED 213800MXAKR2LA1VBM44	14.88	5.84	0	0	0.03
Sanford C. Bernstein Limited 54930049G8WQ500USD19	6.8	2.26	0	0	0.02
Jefferies International Limited S5THZMDUJCTQZBTRV198	5.39	2.2	0	0	0.02

## Other instruments

Client type	Interaction	Class of instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Transmission	Other instruments	01/01/2017	31/12/2017	N
Top five investment firms ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
INSTINET EUROPE LIMITED 213800MXAKR2LA1VBM44	90.16	3.74	0	0	0
Sanford C. Bernstein Limited 54930049G8WQ500USD19	5.75	5.08	0	0	0
Casa de Bolsa BBVA Bancomer S.A. de C.V. Grupo Financiero BBVA	3.23	78.32	0	0	0
Bank of America Merrill Lynch International Limited EYKN6VOZCB8VD9IULB80	0.47	6.22	0	0	0
Banco Bilbao Vizcaya Argentaria (Portugal) S.A. 549300QD1160SR6LNZ76	0.24	0.73	0	0	0

## Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)

Client type	Interaction	Class of instrument	Period start	Period end	Notification if <1 average trade per business day in the previous year
Retail	Transmission	Exchange traded products	01/01/2017	31/12/2017	N
Top five investment firms ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Sanford C. Bernstein Limited 54930049G8WQ500USD19	49.62	27.48	0	0	0
INSTINET EUROPE LIMITED 213800MXAKR2LA1VBM44	13.44	13.47	0	0	0
Jefferies International Limited S5THZMDUJCTQZBTRVI98	11.69	8.83	0	0	0
Bank of America Merrill Lynch International Limited EYKN6VOZCB8VD9IULB80	10.01	35.87	0	0	0
INVESTMENT TECHNOLOGY GROUP LIMITED 213800EEC95PRUCEUP63	8.82	8.5	0	0	1.3



### **3. Summary of the analysis and conclusions of BBVA related to the quality of execution obtained on the execution venues where they executed all client orders in 2017**

In the following section, BBVA includes an evaluation of the execution quality obtained in the execution venues where the trades have been executed during the year 2017, in order to facilitate a clear vision of the execution tools and strategies used to evaluate the execution quality obtained in those venues.

#### **3.1. Explanation of the relative importance that BBVA conferred to the execution factors of prices, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution.**

As established in the BBVA Best Execution Policy (whose summary can be found on <http://www.bbvacib.com>), in order to obtain the best possible result for Clients, the following factors will be taken into account:

- Instrument price;
- costs (including, amongst others, execution and clearing / settlement costs);
- Liquidity of the Instrument (i.e., the volume available at each Execution Venue for the relevant Instrument and market depth);
- size of the order (number of Instruments included in the order);
- likelihood of execution and settlement;
- speed of execution (ability to execute transactions promptly);
- settlement characteristics;
- any other relevant consideration or characteristic for the execution of the order.

The following issues will also be taken into account in the determination of the relative importance of the aforementioned factors: the characteristics of the Client (including categorisation as a Retail or Professional Client), the characteristics of the order, the characteristics of the Instrument and the characteristics of the Execution Venue to which said order may be directed.

The best possible result in the execution of Retail Client orders will be determined in terms of total consideration, considering the price of the Instrument and the costs related to execution. Said costs shall include all expenses passed on to the Client that are directly related to the execution of the order.

When the best total consideration for the Retail Client can be obtained from more than one Execution Venue, the following issues will also be taken into account in the following order: the probability of execution, the liquidity of the instrument and, last place, proportionally the rest of execution factors will also be taken into account together with any other pertinent consideration or characteristic for the execution of the order.

The best possible result in the execution of the orders of Professional Clients will be determined, in this order, in terms of the price of the instrument, the instrument's liquidity, volume, probability of execution and settlement, costs (including, among others, the costs, fees or expenses of execution and clearing / settlement), any other relevant considerations for the execution of the order.

### **3.2. Description of the possible close links, conflicts of interest and common ownerships that BBVA may have with any execution venues used to execute orders.**

BBVA holds 50% of the ownership of Altura. During 2017, no other close links, conflicts of interests, or common ownerships related to any external execution venues or brokers used to execute client orders has been identified.

### **3.3. Description of the specific arrangements between BBVA and the execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.**

BBVA does not have any specific arrangements with any external execution venues or brokers used to execute client orders regarding to payments made or received, discounts, rebates or non-monetary benefits received. Execution fees to external venues follow official price schemes.

**3.4. Explanation of the factors that led to a change in the list of execution venues listed in our execution policy, if such a change occurred.**

No such changes have occurred during 2017.

**3.5. Explanation of how our order execution differs according to client categorization, where BBVA treat categories of clients differently and where it may affect our order execution arrangements.**

In general terms, the main markets offered better prices and transactional costs, so the retail orders are mainly executed in those execution venues, given that the total consideration is the only factor that must be taken into consideration.

For professional clients, other factors such as probability of execution, liquidity or any other specific requests made by the clients will be taken into consideration, so that the main markets may be relegated to a second place in order to obtain the best execution for this type of clients.

**3.6. Explanation of whether we have given other criteria precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client.**

The best possible result in the execution of Retail Client orders will be determined in terms of total consideration. When the best total consideration for the Retail Client can be obtained from more than one Execution Venue, the following issues will also be taken into account in the following order: the probability of execution, the liquidity of the instrument and, last place, proportionally the rest of execution factors will also be taken into account together with any other pertinent consideration or characteristic for the execution of the order.

**3.7. Explanation of how the investment firm has used any data or or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575 of 8 June 2016 [RTS 27].**

BBVA monitors the quality of execution provided by the execution venues and brokers used to execute client orders using automatic monitoring tools.

The first reports required by MiFID II Art. 27(3) and Commission Delegated Regulation (EU) 2017/575 (RTS 27) will be published by 30 June 2018 covering the first quarter of 2018, so for the period analyzed in this summary this data is not available.

### **3.8. Explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU .**

No information has been used from providers of consolidated information.