



Corporate &
Investment Banking

Banco Bilbao Vizcaya Argentaria, S.A. Systematic Internaliser Commercial Policy

Creating Opportunities

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1. Purpose of the policy.

Directive 2014/65/EU of 15 May 2014 on markets in Financial Instruments (hereinafter, together with its development regulations, "**MiFID II**") and Regulation (EU) No. 600/2014 (hereinafter, together with its development regulations, "**MiFIR**" and together with MiFID II, the "**MiFID Regulations**") establish that investment firms providing investment services must meet certain obligations when acting as Systematic Internaliser ("**SI**").

The objective of this Systematic Internaliser Commercial Policy (the "**Commercial Policy**") is (i) to inform Clients of Banco Bilbao Vizcaya Argentaria, S.A. ("**BBVA**") about the means and criteria with which BBVA will facilitate or limit its Clients' access to the quotes in Financial Instruments carried out in its capacity as Systematic Internaliser, and (ii) to provide an overview on how BBVA will fulfil some of its obligations as SI, in accordance with the MiFID Regulations.

Capitalised terms not expressly defined in this Commercial Policy shall have the meaning assigned to them in the MiFID Regulations.

2. Scope.

This Commercial Policy shall apply whenever BBVA offers a Client or counterparty a firm quote for a Financial Instrument acting as SI¹.

BBVA has voluntarily decided to act as SI for certain bonds and other forms of securitised debt and over-the-counter (OTC) derivatives contracts, in accordance with article 18 of MiFIR.

Clients can find a list of all the Financial Instruments for which BBVA can act as SI (the "**SI Instruments**") on the www.bbvacib.com² website, as well as at www.bbva.es. BBVA will periodically review and update the SI Instrument list, in accordance with current regulatory requirements and its internal commercial policies.

Notwithstanding the foregoing, BBVA will not act as SI for:

- Any of the instruments provided for in article 14 of MiFIR (i.e. shares, depository receipts, exchange-traded funds (ETF), certificates and other similar Financial Instruments).
- Financial Instruments whose price has been agreed between BBVA and the Client, taking into account, in addition to the usual risk and market parameters, other particular circumstances specific to the Client or the negotiation, such as:
 - Financial Instruments whose price and/or conditions have been actively negotiated between BBVA and its Client, on a bilateral basis. That is, Financial Instruments whose negotiation process has not been limited to the Client's acceptance of a firm quote offered by BBVA.
 - Over-the-counter derivative contracts specifically negotiated as tailor-made hedges, either syndicated or otherwise, for corporate and project financing; or
 - Restructuring of over-the-counter derivative contracts.

¹ In accordance with Article 4.1(20) of MiFID II, a "Systematic Internaliser" is an investment services company that, on an organised, frequent, systematic and substantial basis, negotiates on its own account when executing Client orders outside a regulated market or multilateral trading facility, or an organised trading facility, without managing a multilateral system.

² <https://www.bbvacib.com/documents/10524/0/SystematicInternaliserStatus-NB2.pdf/42476ebe-dd9c-4d2f-be40-2ed6edda393b>

3. Quotes and transparency.

3.1 How to request a quote.

Should you want to obtain a firm quote from BBVA for an SI Instrument, contact your usual sales manager in the BBVA's Corporate & Investment Banking area in the customary manner to make a request.

3.2 Quote criteria.

According to article 18.1 of MiFIR, BBVA may, in a discretionary manner, refuse to provide a quote in response to any request for quote from a Client.

Without prejudice to the discretion with which BBVA may decide whether to respond or not to a particular request for quote, BBVA will refuse to provide a quote, among other cases, where one or more of the following conditions (the "**Negotiation Conditions**") are not satisfied:

- The applicant entities or individuals must be Clients of BBVA (for the purposes of this Commercial Policy, "**Clients**" means those individuals or entities that have passed the BBVA on-boarding processes and are registered on the BBVA Client database).
- Clients must have in effect the necessary agreements and systems for the settlement and/or clearing of the relevant transaction.
- Clients must have in place all the agreements required by BBVA or under the applicable regulations to enter into the relevant Financial Instruments, such as contractual netting agreements and/or collateral agreements.
- Entering into the transaction with the requesting Client does not give rise to situations where BBVA would be exposed to undue risks such as, for example:
 - Credit/counterparty risk. BBVA will not provide a quote when the Client's solvency assessment is not satisfactory, in accordance with its internal risk management framework.
 - Portfolio risks. Situations in which closing the quoted instrument could lead to exceeding the maximum risk thresholds allowed by BBVA for its portfolio, determined in accordance with the internal risk procedures established by BBVA for this purpose; and/or
- There are no exceptional market conditions.

Ultimately, any decision to provide a quote to a Client in response to a request for quote will be assessed by qualified staff of BBVA.

3.3 Publication of pre-trade transparency quotes.

BBVA will publish its firm quotes³ provided as SI, for SI Instruments that are traded or admitted to trade on a trading venue⁴ (hereinafter, Financial Instruments "**ToTV**") for which there is a liquid market, through Bloomberg Data Reporting Services Limited, as approved publication arrangement (the "**APA**"), to the extent that it is required by the MiFID Regulations and no waiver is applicable.

In addition, BBVA shall disclose to its Clients, on express request and in accordance with article 18.2 of MiFIR, the quotes previously provided to other Clients for SI Instruments that are ToTV and for which there is no liquid market⁵.

Should a Client wish to get information on BBVA's pre-transparency data for ToTV SI Instrument's quotes for which there is no liquid market, they shall proceed through the usual communication channel to contact their customary BBVA Corporate & Investment Banking sales manager.

3.4 Procedure for access to pre-trade transparency quotes.

BBVA will make the pre-trade quotes for SI Instruments for which there is a liquid market available to its Clients through BBVA's main "Pre-trade transparency prices" page on Bloomberg (the "**Quotes Page**").

In order to get access to and, where appropriate, execute transactions at the prices published by BBVA on the Quotes Page, the Client must:

1. Contact BBVA's e-commerce team (esales.group@bbva.com / +34 913 744 476) to access the Quotes Page;
2. Once granted access, using a Bloomberg Finance L.P. terminal, enter <BBVA GO>:
3. Click on "Pre-trade transparency pricing" and then, depending on the product, select: Bonds, fixed income derivatives or equity derivatives.
4. If you are interested in executing a Financial Instrument with BBVA, in respect of a quote published on the Quotes Page, and you meet all of the criteria and conditions applicable in accordance with paragraph 3.5 below, contact your usual sales manager in the BBVA Corporate & Investment Banking department in accordance with paragraph 4 of this Policy.

³ The indicative quotes that BBVA can provide to its Clients will not be published under pre-trade transparency framework.

⁴ Regulated Markets, Multilateral Trading Facilities and Organised Trading Facilities of the European Union.

⁵ Obligations to disclose the quotes given to instruments for which there is no liquid market, shall, in any event, be subject to any waivers which may apply in accordance with the applicable regulation.

Notwithstanding the foregoing, generally BBVA may decide not to make its pre-trade quotes for SI Instruments available to its Clients on the Quotes page, when it is not obliged to do so and/or that any waiver applies, in accordance with the MiFID Regulations.

The quotes for SI Instruments for which there is no liquid market will not be available for execution by Clients other than the Client that requested the original quote, save for express mutual agreement between BBVA and its Client.

3.5 Criteria and conditions for access to pre-trade transparency quotes.

BBVA will undertake to execute Financial Instruments with other Clients, according to the quotes published on the Quotes Page, provided that (i) no more than 30 seconds have elapsed since its publication and (ii) all of the Negotiation Conditions provided for in paragraph 3.2 are satisfied, in accordance with the following conditions:

- Quotes published for over-the-counter derivatives contracts that have been calculated on the premise that such an instrument shall be cleared, either mandatorily or pursuant to the mutual agreement of the parties, in a specific central counterparty⁶ ("**CCP**"), will be available only to those other Clients who accept and are fully capable, both technically and operationally, to clear the relevant derivative contract quoted, through the same CCP.
- Quotes in bonds and other forms of securitised debt and structured finance products will be made available to all Clients according to the published terms and conditions.
- Quotes on over-the-counter derivative instruments, not cleared through a CCP, will be adjusted in accordance with certain market parameters arising from the particular relationship between the relevant Client and BBVA as, among others:
 - Credit risk adjustments assigned to the Client; and
 - Valuation adjustments (XVA) such as credit valuation adjustments (CVA), capital valuation adjustments (KVA), funding valuation adjustments (FVA), and other similar adjustments.

Therefore, the price of an over-the-counter derivative instrument in terms of total consideration for a given Client may be higher or lower than the published quote. If a Client is interested in executing a published quote, they should contact their usual manager in the sales department of BBVA Corporate & Investment Banking to request a price adjusted to their particular characteristics, in accordance with paragraph 4.1 of this Commercial Policy.

⁶ In accordance with article 2.1 of Regulation (EU) No. 648/2012 of the European Parliament and Council, dated 4 July 2012, on over-the-counter derivatives, central counterparties and transaction registers, a "**central counterparty**" or "**CCP**" means a legal person that interposes itself between the counterparties to the contracts traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer..

- Unless otherwise agreed between BBVA and its Clients, BBVA will limit the number of transactions it undertakes to execute with its Clients on the basis of the same quote published on the Quotes Page, to the total volume originally quoted.

BBVA will treat all of its Clients in a non-discriminatory manner, in accordance with this Commercial Policy. Notwithstanding the foregoing, BBVA may refuse to enter into transactions or discontinue business relationships with clients on the basis of commercial considerations such as the Client credit status, the counterparty risk and the final settlement of the transaction.

In addition, the Client must be aware that, pursuant to article 18.3 of MiFIR:

- In exceptional market conditions, BBVA may withdraw its quotes from the Quotes Page.
- BBVA may update the quotes published on the Quotes Page or on the APA, at any time.

3.6 Publication of post-trade transparency data.

BBVA will comply with its post-trade transparency obligations, both when acting as SI and when acting in another capacity, in accordance with MiFIR articles 20 and 21, by publishing the relevant data through the following Approved Publication Arrangements:

- For shares, certificates of deposit, exchange traded funds, certificates and other similar instruments (article 14 MiFIR): APA CBOE Europe Limited.
- For bonds and other forms of securitised debt, structured finance products, emission allowances and derivatives (article 18 MiFIR): APA Bloomberg Data Reporting Services Limited

Notwithstanding the foregoing, BBVA may, on a general basis, make discretionary use of the waivers provided for in the MiFID Regulations, at any time, in relation to post-trade transparency obligations.

4. Transactions.

4.1. How to operate.

Should you want to execute a Financial Instrument with BBVA, based on a published pre-trade transparency quote, use your usual communication channel to contact your sales manager in the BBVA Corporate & Investment Banking's area.

Your sales manager will determine whether the published quote is still in force and whether it is available to you, as well as, where appropriate, any adjustments that are applicable to the price published on the Quotes Page, as set out in section 3.5 of this Commercial Policy.

If the specific quote is no longer valid or is not available to you, BBVA may offer you an updated quote according to the conditions prevailing in the market at the time of your request.

4.2 Trading hours.

The following table provides the usual BBVA trading hours⁷ for each type of Financial Instrument:

Asset Class	Instrument Cluster	Sub-type of Financial Instrument	Standard trading hours
Bonds		All bonds and other forms of securitised debt and structured finance products that are SI Instruments.	08:30 to 17:45 CET (Madrid) ⁸ 07:30 to 17:00 GMT (London) ⁹
Derivatives	Interest rate derivatives	All derivatives of interest rates that are SI Instruments.	08:30 to 18:00 CET
		Exception: Interest rate swaps on different currencies (Cross Currency Swaps) with a maturity equal to or less than two years	08:00 to 18:00 CET

⁷ Ordinary hours for BBVA in Europe. For information about other geographical areas, please contact your usual Corporate & Investment Banking sales manager.

⁸ Government bonds

⁹ All other bonds

Credit risk Derivatives	All credit risk derivatives that are SI Instruments	08:30 to 18:00 CET
C10 derivatives	All C10 derivatives (example: inflation options) that are SI Instruments	09:00 to 18:00 CET
Foreign exchange derivatives	All foreign exchange derivatives that are SI Instruments	08:00 to 18:00 CET
Equity Derivatives	All equity derivatives that are SI Instruments.	09:00 to 17:30 CET

Should you have any doubt about BBVA's systematic internalisation activity or about this Commercial Policy, please contact your usual sales manager in the BBVA's Corporate & Investment Banking area.