BBVA

Summary of

BBVA's Policy for the Prevention and Management of Conflicts of Interest

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The EU Directive on Markets in Financial Instruments (MiFID) states that financial institutions carrying out investment activities must adopt a policy for the detection and management of conflicts of interest which may arise during the provision of any investment or ancillary service, or combination thereof, either between the financial institution itself and its clients, or between one of its clients and another of its clients.

Therefore, and in order to prevent and manage any potential conflicts of interest that may arise from its activity in this field, BBVA has adopted a **Policy for the Prevention and Management of Conflicts of Interest** (the "Policy"), the content of which is summarized in the following paragraphs.

Identifying conflicts of interest

The Policy specifies, in a non-exhaustive way, and in accordance with the requirements provided under MiFID, certain situations of potential conflicts of interest which may give rise to an important risk of damage to the interests of one or more of BBVA's clients.

In the event of other situations occurring which are not specifically referred to in the Policy, and which may give rise to a conflict of interest, a procedure has been drawn up whereby a BBVA employee can inform the appropriate person or department at BBVA, prior to the provision of a service or activity, of any situation that, in his or her opinion, may give rise to a conflict of interest, in order that appropriate measures can be taken to resolve the conflict.

Preventative measures and the management of conflicts of interest

In order to ensure that its employees who carry out activities which are susceptible to giving rise to a potential conflict of interest remain independent and objective, BBVA has incorporated measures into its Policy for the prevention and appropriate management of any such conflict.

Taking into consideration the nature and importance of a detected situation of potential conflict, the following measures can be highlighted:

- General and specific guidelines prohibiting certain behaviour (such as divulging information about a client's transactions to another client) or giving the criteria for resolving such situations (for instance, the general principle of putting the interests of the client first or the principle of fair allocation of orders).

- Measures aimed at preventing any employee from influencing inappropriately the way any other employee or department carries out investment services or activities.

- Measures aimed at preventing or controlling the simultaneous or consecutive involvement of an employee in several investment or ancillary services or activities, when such participation might damage a client's interests.

- Procedures and measures, specific to the case at hand, aimed at preventing or controlling damage to a client's interests caused by the exchange of information between different persons or departments carrying out activities which bear an important conflicts of interest risk.

- Specific measures for employees involved in the writing of investment research reports, aimed at guaranteeing the employees' autonomy and objectivity.

Procedures for solving other conflicts of interest

The diversity and the dynamic nature of the business activities carried out by a company such as BBVA make it very difficult to provide an answer in advance to all situations which might potentially give rise to conflicts of interest. BBVA has therefore drawn up a specific procedure in order to try to resolve unforeseen conflicts of interest situations arising during the ordinary course of its business.

Finally, in the event that measures adopted by BBVA for managing a specific conflict of interest are unable to guarantee, with reasonable confidence, that the risk of damage to a client's interests will be prevented, BBVA will disclose the general nature or the source of the relevant conflict to the client before acting on its behalf, thereby allowing the client to make its own decision in terms of what it considers to be the most suitable course of action in respect of the service being offered.