



Dear client,

The purpose of this letter is to provide information about how Banco Bilbao Vizcaya Argentaria, S.A. (“BBVA”) negotiates, executes and calculates the price of (the FX rate) its spot foreign exchange transactions (“FX SPOT”), forward exchange transactions (“FX Forward”) and any other foreign exchange derivatives, (hereinafter, FX Spot, FX Forward and any other FX derivative instruments will be jointly referred to as “**Transactions**”), in the wholesale FX activity. This letter is not an exhaustive statement of BBVA’s pricing or order management practices or policies.

Trading Modalities

BBVA engages in foreign exchange Transactions in three main manners:

1. On its own behalf, that is, acting as counterparty on a principal basis with respect to Transactions between BBVA and its client.
2. Executing limit orders (i.e, amongst others, stop loss and take profit orders) with its clients. BBVA engages in these transactions as a principal only, unless otherwise expressly agreed in writing.

When BBVA provides the service of execution of orders, unless otherwise agreed in writing, BBVA shall not ensure the complete or partial execution of such orders. BBVA will be able to execute in whole or in part, as applicable, any limit order instructed by a client, provided that BBVA has been able to manage its own risks executing with other participants in the wholesale FX market. Depending on the nature of the order and its size, together with market conditions, clients’ orders may be fully or partially executed. As a result of the foregoing, the likelihood of execution and the FX rate at which a limit order may be executed, will depend on the availability of liquidity and the FX rates quoted from time to time, by other participants in the wholesale FX market.

As “systematic internaliser”¹, dealing on own account when executing client’s orders in compliance with its Systematic Internalization Commercial Policy, in relation with those FX Forwards² subject to MIFID II³ and FX derivatives that are traded or admitted to trade on a trading venue⁴.

BBVA will take all sufficient steps to obtain the best possible result when executing client’s orders, in events and on the terms established in its Execution, Reception and Orders Transmission Policy, where applicable. A summary of such policy can be found in www.bbva.es.⁵

¹ As defined in the article 4.1 (20) of MiFID II. Unless otherwise expressly agreed between BBVA and the client, BBVA shall not act as Systematic Internalizer, when engaging in Fx activity from a non-European Union branch of BBVA, with clients that are not residents of the European Economic Area.

² According to the Delegated Regulation 565/2017 of the European Parliament and of the Council, a FX Forward is not subject to MIFID II when it is linked to the payment of identifiable goods, services or direct investments of a non-financial counterparty, as defined in Regulation 648/2012 (EMIR), it is physically settled and it has not been entered into in a Trading Venue.

³ Directive 2014/65/UE of the European Parliament and the Council of 15th of May of 2014 on markets in financial instruments.

⁴ Trading venue means regulated markets, multilateral trading facilities and organized trading facilities, as defined in MiFID II.

⁵ https://www.bbva.es/estaticos/mult/Resumen_Politica_de_ejecucion-31052012.pdf

Notwithstanding the foregoing, BBVA may execute Transactions under its usual business or its risk management activities, for its own account or for the account of other clients, which may affect the volumes and the FX rates quoted by other wholesale FX market participants. Such Transactions may unintentionally cause (i) the FX rates quoted by BBVA to enter into bilateral Transactions with the clients and/or (ii) the likelihood execution of the limit orders and the FX rates at which such orders may be executed, to become more harmful or less beneficial for the client. BBVA will identify, prevent and manage any conflict of interests arising from this activity, according to the conduct rules established by our competent authorities and to the BBVA's internal rules for the prevention and management of conflicts of interest.

Nevertheless, unless otherwise agreed, BBVA shall not act as an investment advisor or in any similar capacity, for the account or on behalf of the client.

Reference Exchange Rates for Transactions

BBVA negotiates or executes:

- Transactions referenced to FX rates agreed bilaterally. If a client negotiates a Transaction with BBVA bilaterally, the FX rate offered will be quoted by BBVA in accordance with our internal pricing policy.
- Transactions referenced to particular FX rate indexes published by third parties ("fixing"). BBVA will be able to trade or execute Transactions referenced to foreign exchange rate benchmarks published by (i) private administrators, such as Bloomberg Index Services Limited (BFIX) and Refinitiv Benchmark Services Limited (i.e. WM/Refinitiv spot and forward FX rates) or (ii) public administrators, such as central banks (provided that there is no prohibition or recommendation against using such fixings as a benchmark for Transactions). The use of FX benchmarks is subject to the applicable BBVA's internal rules on benchmarks, that foresee a number of principles of action addressed to prevent any conduct that may affect the calculation of any benchmark and complies with the requirements set out in the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016, on indices used as benchmarks in financial instruments and financial contracts⁶.

When dealing with the client on Transactions referenced to any fixing, as principal, BBVA may execute hedging Transactions before the relevant fixing is calculated or published by the relevant administrator. Such hedging activities may have an unintended impact on the final Fixing to which the relevant Transaction is referenced, having a positive or negative impact for the client. Notwithstanding the foregoing, this hedging activity, when carried out, will be carried out by BBVA in accordance with the principles of conduct established by our competent authorities and the internal rules for the management of conflicts of interest, of BBVA.

Under normal market conditions, BBVA may accept to trade Transactions up to 20 minutes before the official set time for the publication of the pertinent Fixing.

Nonetheless, BBVA may negotiate or execute orders during the 20 minutes period immediately prior to the time at which the fixing is published, as long as BBVA receives and it is able to process the clients' request at a

⁶ Regulation (UE) 2016/1011 ("BMR")



moment in which:

- I. There is enough liquidity in the market for volumes equivalent to those of the Transaction requested by the client; and
- II. No technical obstacles exist that may preclude or obstruct the trading or the execution of the Transaction in that moment.

Mark-ups included in the Transactions

The premiums, FX rates and/or strike prices quoted by BBVA for bilateral Transactions, as well as the FX rates at which BBVA executes limit orders, may include a discretionary mark-up added by BBVA, to compensate BBVA for the risks assumed, the costs incurred and the services rendered. Any mark-up applied to a client will also take into account, amongst other factors, the credit risk that BBVA assigns to the client, the guarantees created, the size of the Transaction and the market conditions of the two relevant currencies at the moment of trading (such as the price, liquidity and volatility of similar Transactions). As a result of the foregoing, different clients may obtain different prices for the bilateral trading, as applicable, of Transactions with the same features.

BBVA has implemented an Internal Pricing Policy that will be applied to quote premiums, exchange rates and/or strike prices, applicable to FX Forwards and other FX Derivatives.

In addition to firm quotes, BBVA may offer its clients indicative and non-executable prices, in order to provide them with indicative information about the market value of a specific Transaction.

Trading Channels

Clients can execute FX rate Transactions via telephone or face to face, through the usual BBVA sales representative, or through the electronic trading channels set out below in this document.

Execution of Transactions by Electronic Means

BBVA can execute Transactions with its clients through its different tools and electronic channels⁷, including, among others:

- Electronic tools developed by BBVA, to facilitate bilateral trading of Transactions between BBVA and the client, such as BBVA eMarkets; or
- Multilateral systems in which BBVA executes Transactions such as, i.e., multilateral systems managed by 360 Treasury Systems AG, 360 Trading Networks, Inc., Refinitiv Transactions Services Limited, Bloomberg Trading Facility Limited, Bloomberg SEF LLC and Bloomberg Tradebook Europe Limited.

⁷ In the future, BBVA could offer its clients other electronic bilateral trading tools or obtain membership in other multilateral systems. If any other information regarding this aspect is needed, do not hesitate to contact your usual BBVA sales representative, for foreign exchange rate Transactions.



Transactions executed via electronic channels will be subject to the final acceptance of each Transaction by BBVA.

BBVA's acceptance of Transactions is conditional upon the compliance with a prior verification process (called "Last Look") which comprises, among others, the following checks:

- That the Transaction does not exceed the credit line limits calculated by BBVA, in respect of the relevant client;
- That the frequency of negotiation of each client is within a reasonable range; and
- That the prices quoted by BBVA are still consistent with the value or the market price associated to the Transaction, at the moment of trading.

BBVA will perform this price validation ("Last Look") immediately when a trade is received, with no additional holding time, to ensure market price is still within an acceptable threshold. There is a Tolerance Interval of 500ms millisecond max response time in place to protect customers from technical issues during trade request processing.

This Tolerance Interval has been calculated in advance by BBVA in a symmetric way, such that it does not imply an advantage for either party. In this regard, BBVA has established a Last Look Methodology⁸ in which sets out Tolerance Intervals calculated by BBVA, depending on the clients' features, the channel or electronic trading platform used based on non-discriminatory parameters and criteria.

BBVA will not use Last Look to obtain information to make decisions regarding the negotiation of Transactions, nor will it use it in its own self-interest or to the benefit of other clients or counterparties.

Prevention and management of conflicts of interest

BBVA takes every reasonable action to identify, prevent and manage conflicts of interest that may arise, between BBVA or its employees and its clients in relation to Transactions. When those conflicts appear in orders between different clients, or orders between clients and positions that BBVA holds on its own account, both conflicts are managed according to our regulatory responsibilities and our Conflicts of Interest Management Policy, a summary of which can be found through the following link

(https://drive.google.com/file/d/1hDxMgiKyTB9NKvLcmQdTKRGolnh6rT0_/view)

BBVA will execute its clients' orders in strict order of arrival, never prioritizing its own orders over those of its clients, irrespective of the direction of such order or market impact that any such order may entail. BBVA may accept or reject any order at its sole discretion. As such, BBVA's receipt of an Order or any indication of working an order received from the Client does not create a contract between the Client and BBVA that commits BBVA to try to execute the order, unless such order has been expressly accepted by BBVA. For the avoidance of doubt, any orders that, for any reason, are not accepted by BBVA shall be deemed rejected by BBVA. BBVA will exercise appropriately its discretion in deciding whether to work an accepted order, which orders may be executed, when to execute them and how to execute them, including whether to execute all or part of the Order doing its best efforts to obtain the best possible result for its clients. Notwithstanding the foregoing, BBVA shall not ensure the total or partial execution

⁸ BBVA has a specific Last Look Methodology, which can be provided upon request. If you need any further information, please, contact your usual BBVA sales representative for foreign exchange rate Transactions.



of any order, or any particular result, unless otherwise agreed in writing

Additionally, BBVA employees are subject to the Internal Conduct Regulation (RIC), valid in each jurisdiction, where the rules of conduct are established and must be followed by our employees to prevent conflicts of interest between BBVA (or its employees, or any person subject to RIC) and its clients. In case it is impossible to prevent the risks of detriment for the clients' interests produced by the conflicts of interest, BBVA will reveal to the client the general nature or origin of such conflict of interests, and the actions taken to mitigate those risks before acting on the clients' behalf, with sufficient detail for the client to decide between executing or negotiating with BBVA the affected Transaction.

Client data treatment

BBVA may disclose counterparty information to its affiliates and other entities or advisors within the BBVA group. BBVA will not disclose information relating to counter party orders other than on a need-to-know basis to BBVA employees to provide its client with a more efficient and better adapted set of services or to comply with risk management requirements.

If it is necessary to disclose counterparty information internally or externally to execute Transactions or accomplish risk management, the BBVA group will only do so in accordance with applicable BBVA confidentiality policies and procedures or specific agreements relating to counterparty confidentiality.

Save as mentioned above, BBVA will not reveal client related information to any external agent to BBVA group, unless that information is required by judiciary, governmental, regulatory, or supervisory entities.

However, BBVA may keep the proper records to comply with (i) the applicable regulation, (ii) judicial, governmental, regulatory, or supervising entities requirements, and/or (iii) our internal processes requirements regarding documentary management and compliance with the law.

Communication channel of suspicious activities

BBVA's Whistleblower Channel allows you to report, confidentially or anonymously if you wish, any conduct or activities that are not in accordance with the principles set forth in BBVA's Code of Conduct, internal policies and procedures or that are contrary to applicable law, including conduct or activities related to FX activity. This Channel is open to BBVA employees as well as to third parties not belonging to BBVA, including customers and counterparties for market activities. The Whistleblower Channel is available 24 hours a day through the following link which can be accessed from any computer or cell phone <https://www.bkms-system.com/bbva>.

The analysis and processing of the reports received through this Channel will be carried out in an objective, impartial and totally confidential manner by the Compliance unit. Whistleblowers who report facts or actions in good faith will not be subject to reprimand or suffer any other adverse consequence for this communication.

This letter and the practices and procedures that BBVA applies to its wholesale FX activity, as set out herein, may be amended or updated at any time by BBVA, at its sole discretion, without need of any further notification to the clients. As result of the foregoing, before assessing to engage in FX Transactions with BBVA, the client must check the



most updated version of this letter in www.bbva.es⁹. In case that the client has any doubt in respect of the content of this letter, the client must refrain from engaging in FX activity with BBVA, until any remaining doubt has been fully clarified with their usual BBVA's sales representative for the FX activity.

Yours Sincerely,

⁹ <https://www.bbvacib.com/solutions/capital-markets-products-services/regulation/fx-code-of-conduct/>