



DIVISION OF
TRADING AND MARKETS

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

October 28, 2010

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 10-69**

Dear Mr. Willisch:

In your letter dated October 28, 2010 as supplemented by conversations with the staff of the Division of Trading and Markets ("Staff"), you request on behalf of Banco Bilbao Vizcaya Argentaria, S.A., a bank organized under the laws of the Kingdom of Spain ("BBVA"), an exemption from Rules 101 and 102 of Regulation M under the Securities Exchange Act of 1934 ("Exchange Act") in connection with a proposed rights offering by BBVA (the "Rights Offering").

You seek an exemption to permit BBVA and certain BBVA affiliates to conduct specified transactions outside the United States in BBVA Shares during the Rights Offering. Specifically, you request that: (i) Corporación General Financiera S.A. (the "Market-Making Subsidiary") be permitted to continue to engage in market making activities on the Automated Quotation System of the Spanish Exchanges; (ii) the treasury department of BBVA (the "Trading Unit"), and other affiliates of BBVA outside of Spain and the United States conducting similar activities ("International Trading Units"), BBVA, and Altura Markets AV, S.A. ("Brokerage Units"), and other affiliates of BBVA outside of Spain and the United States conducting similar activities ("International Brokerage Units") be permitted to continue to engage in derivatives hedging activities described in your letter; (iii) BBVA Gestión, Sociedad Anónima SGIIC, BBVA Patrimonios Gestora SGIIC, S.A., BBVA Pensiones, S.A., Entidad Gestora de Fondos de Pensiones (collectively the "Asset Managers") and other affiliates of BBVA outside Spain and the United States conducting similar activities ("International Asset Managers") be permitted to continue to engage in investment management activities as described in your letter; (iv) BBVA Seguros, S.A. ("Insurance Company") be permitted to continue to engage in activities in connection with investment selections made by purchasers of insurance products as described in your letter; and (v) the Brokerage Units and the International Brokerage Units be permitted to continue to engage in unsolicited brokerage activities as described in your letter.

You also seek an exemption to permit certain BBVA affiliates to conduct specified transactions in the United States in BBVA Shares during the Rights Offering. Specifically, you request that BBVA Securities, Inc. be permitted to continue to engage in unsolicited brokerage activities in the United States as described in your letter.

We have attached a copy of your correspondence to avoid reciting the facts set forth therein. Unless otherwise noted, each defined term in our response has the same meaning as defined in your letter.

Response:

Based on the facts and representations that you have made in your letter, but without necessarily concurring in your analysis, the Commission hereby grants BBVA an exemption from Rules 101 and 102 to permit 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. (collectively, the "Global Companies") to continue to engage in the transactions described in your letter during the Rights Offering. In particular, in your correspondence you make the following key representations:

- BBVA is a foreign private issuer as defined in Rule 3b-4(c) of the Exchange Act.
- During 2009, the average daily trading volume ("ADTV") of BBVA Shares on the Spanish Exchanges was approximately €508 million (or approximately \$728.1 million at the exchange rate on December 31, 2009) in value, and in the six months ended June 30, 2010 was €681.2 million (or approximately \$837.3 million at the exchange rate on December 31, 2009) in value;
- BBVA's market capitalization as of June 30, 2010 was approximately €32.3 billion (or approximately \$39.6 billion at the exchange rate on December 30, 2009), the second largest of any Spanish bank and one of the largest of any Spanish company, representing 10.1% of the IBEX 35 index;
- During 2009, the ADTV of BBVA Shares on the NYSE was approximately \$14.5 million in value, and in the six months ended June 30, 2010 was approximately \$29.4 million in value;
- During 2009, the ADTV of BBVA Shares on the London and Mexican stock exchanges was approximately €0.17 million (or approximately \$0.24 million at the exchange rate on December 30, 2009) in value, and in the six months ended June 30, 2010 was approximately €0.24 million (or approximately \$0.29 million at the exchange rate on December 30, 2009) in value;

- The principal trading market for BBVA Shares is Spain;
- BBVA expects to raise approximately €5 billion in the Rights Offering, which represents approximately 14.3% of BBVA's issued share capital based on the October 28, 2010 closing price of BBVA Shares;
- BBVA maintains and enforces written information barrier policies and 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 are conducted and any other area of BBVA in which price-sensitive information relating to BBVA Shares, including information relating to the Rights Offering, would be available;
- The Market-Making Subsidiary conducts its market making activities outside the United States, and during 2009 and in the six months ended June 30, 2010, Market-Making Subsidiary's market making activities accounted for approximately 1.1% and 1.8% respectively of the ADTV in BBVA Shares on the Spanish Exchanges;
- Each of the Trading Unit, the International Trading Units, the Brokerage Units, and the International Brokerage Units conducts its derivative hedging activities outside the United States, and during 2009 and in the six months ended June 30, 2010, the derivative hedging activities of the Trading Unit and Brokerage Units accounted for approximately 3.3% and 2.8% respectively of the ADTV in BBVA Shares on the Spanish Exchanges;
- Each of the Asset Managers and the International Asset Managers conducts its investment management activities outside the United States;
- The Insurance Company sells insurance products and conducts activities in connection with investment selections made by purchasers of such insurance products outside the United States;
- Each of the Brokerage Units and International Brokerage Units conducts its unsolicited brokerage activities outside the United States, and during 2009 and in the six months ended June 30, 2010, the unsolicited brokerage activities of the Brokerage Units (excluding trades executed by the Brokerage Units on behalf of the Market-Making Subsidiary) accounted for approximately 14.6% and 17.6% respectively of the ADTV in BBVA Shares on the Spanish Exchanges;
- In the aggregate, BBVA's market activities represented 19% and 22.2% of the ADTV in BBVA Shares on the Spanish Exchanges during 2009 and in the six months ended June 30, 2010 respectively, making BBVA, on an aggregate basis,

the largest participant in the market for BBVA shares on the Spanish Exchanges and the only market maker in such shares;

- The withdrawal of the Market-Making Subsidiary as the most important market participant and the only market maker in BBVA shares in the primary market for those shares, which are among the most actively traded in Spain, for an extended period of time would have serious harmful effects in the home market and, indirectly, in the United States market, for the BBVA Shares, including a significant imbalance of buy and sell orders, which could cause greater volatility and reduced liquidity;
- As of June 30, 2010, 41.5% of BBVA Shares were held by customers of BBVA and its affiliates in securities accounts at BBVA and its affiliates in Spain. 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;
- Each of the Global Companies have confirmed that the activities for which it is requesting relief will be conducted in the ordinary course of business and not for the purpose of facilitating the Rights Offering, in accordance with applicable Spanish and other local laws;
- In the United States, BBVA conducts a securities business through a separate subsidiary, BBVA Securities, Inc., which is registered with the Commission as a broker-dealer and is a member of the Financial Industry Regulatory Authority; and
- BBVA Securities, Inc. will not engage in any market making, derivatives hedging, investment management, or insurance activities, but rather will only engage in unsolicited brokerage activities in the normal course of business with its customers.

The exemption is subject to the following conditions:

1. None of the transactions of the Global Companies described in your letter shall occur in the United States, with the exception of the unsolicited brokerage activities of BBVA Securities, Inc. as described in your letter;
2. All of the transactions described in your letter for which you seek relief shall be effected in the ordinary course of business and not for the purpose of facilitating the Rights Offering;

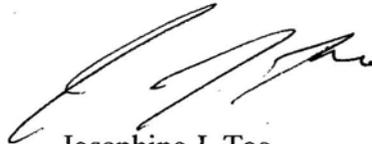
3. The offering documents that will be distributed to United States investors that participate in the Rights Offering, discloses the possibility of, or the intention to make, the transactions described in you letter;
4. BBVA and each of the Global Companies will provide to the Division of Trading and Markets ("Division"), upon request, a time-sequenced schedule of all such transactions made during the Rights Offering. Such schedule will include:
 - (a) size, broker (if any), time of execution, and price of the transactions;
 - (b) the exchange, quotation system, or other facility through which the transactions occurred, and
 - (c) whether the transactions were made for a customer account or a proprietary account;
5. Upon request of the Division, BBVA and each of the Global Companies will transmit the information requested in item 4 (above) to the Division at its offices in Washington, D.C. within 30 days of its request;
6. BBVA and each of the Global Companies shall retain all documents and other information required to be maintained pursuant to this letter for at least two years following the completion of the Rights Offering;
7. Representatives of BBVA and each of the Global Companies shall be made available (in person at the offices of the Commission in Washington, D.C. or by telephone) to respond to inquiries of the Division relating to their records; and
8. Except as otherwise directed by this letter, BBVA and each of the Global Companies will comply with Regulation M.

The foregoing exemption from Rules 101 and 102 of Regulation M is based solely on your representations and the facts presented to the Staff and is strictly limited to the application of this rule to the proposed transactions. Such transactions should be discontinued, pending presentation of the facts for our consideration, in the event that any material change occurs with respect to any of those facts or representations.

Michael J. Willisch
October 28, 2010
Page 6 of 6

In addition, your attention is directed to the anti-fraud and anti-manipulation provisions of the Exchange Act, including 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 must rest with the participants in the various transactions. The Division expresses no view with respect to any other questions that the proposed transactions may raise, including, but not limited to, the adequacy of disclosure concerning, and the applicability of any other federal or state laws to, the proposed transactions.

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



Josephine J. Tao
Assistant Director

Attachment

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Menlo Park
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Davis Polk

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CONFIDENTIAL

October 28, 2010

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

Josephine J. Tao
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**"), about the application of Regulation M to transactions by BBVA and its affiliates in the ordinary shares of BBVA ("**BBVA Shares**") during the distribution of BBVA Shares to be made by BBVA in connection with a proposed rights offering by BBVA (the "**Rights Offering**"). 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 its affiliates 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 activities outside the United States during the Rights Offering. 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 under your exemptive letter dated June 25, 2007.¹

This letter sets forth data concerning the trading activity of BBVA and its affiliates for the year ended December 31, 2009 and the six months ended June 30, 2010. BBVA has represented to us that it is not aware of any material changes in the nature or volume of these activities since June 30, 2010.

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-

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

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 purchases and sells BBVA Shares on the AQS. The Market-Making Subsidiary effects these transactions for its own account in order to provide liquidity to the market.

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")² and the principal brokerage units of BBVA (the "Brokerage Units")³ 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 hedge positions) belonging to them and their customers that are established in connection with these derivatives activities.⁴ The Trading Unit's and the Brokerage Units' hedging transactions are effected on the AQS.

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").⁵ 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.⁶

² 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.

³ 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.

⁴ 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 Rights 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.

⁵ 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.

⁶ 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

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.⁷

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 disclosure and record-keeping undertakings outlined below.

The descriptions of factual matters in this letter, including the market for BBVA Shares 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 American Depositary Shares ("**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.

cover the ordinary course mutual fund, pension fund and investor portfolio investment management activities of the International Asset Managers.

⁷ 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.

At December 31, 2009, there were 3,747,969,121 BBVA Shares outstanding, held by 884,373 record holders. Based on public filings as of December 31, 2009, 197 record holders with registered addresses in the United States held 18.7% of BBVA's outstanding capital. BBVA's market capitalization at June 30, 2010 was approximately €32.3 billion (\$39.6 billion),⁸ the second largest of any Spanish bank and one of the largest of any Spanish company, representing 10.1% of the IBEX 35 Index. The average daily trading volume in the BBVA Shares on the Spanish Exchanges in 2009 and in the six months ended June 30, 2010 was approximately €508.0 million (\$728.1 million) and €681.2 million (\$837.3 million), respectively. The average daily trading volume of the ADSs on the New York Stock Exchange (the "NYSE") during 2009 and in the six months ended June 30, 2010 was approximately \$14.5 million and \$29.4 million, respectively. The average daily trading volume of the BBVA Shares on the London and Mexican stock exchanges during 2009 and in the six months ended June 30, 2010 was approximately €0.17 million (\$0.24 million), and €0.24 million (\$0.29 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, 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 2009 and in the six months ended June 30, 2010, the aggregate turnover on the Spanish Exchanges, for both equity and debt securities, was in excess of €4,800 billion and €1,900 billion, respectively, and as of December 31, 2009 and June 30, 2010 the overall market capitalization of equity securities listed on the Spanish Exchanges was approximately €1,107 billion and €964 billion, respectively.

II. The Market Activities for Which Relief is Sought

BBVA is a global, integrated financial services firm operating principally in Spain, Mexico, South America and the United States. BBVA, together with its subsidiaries, is engaged in retail banking, asset management, private banking, investment banking and private equity. 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 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, 2009, BBVA was one of the largest banking groups in Spain in terms of customer deposits. In 2009 and in the six months ended June 30, 2010, BBVA had consolidated net income attributed to the parent company of approximately €4.2 billion (\$6.0 billion) and €2.5

⁸ Throughout this letter, euros have been translated to dollars at the rate of €1.00 = \$1.4332, the last noon buying rate in New York City published by the Federal Reserve Bank of New York in the year ended December 31, 2009, with regard to data for 2009, and €1.00 = \$1.2291, the last noon buying rate in New York City published by the Federal Reserve Bank of New York in the six months ended June 30, 2010, with regard to data for the period ended June 30, 2010.

billion (\$3.1 billion), respectively, and at June 30, 2010 it had total assets of approximately €568.9 billion (\$699.2 billion) and total equity of approximately €32.9 billion (\$40.4 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 Spanish Exchanges and be managed principally by representatives in Madrid who operate within "Chinese Walls", 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 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 the Spanish Companies and the other 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 AQS. The Market-Making Subsidiary effects these transactions for its own account in order to provide liquidity to the market. The Market-Making Subsidiary conducts its market-making activities outside the United States and manages these activities from Madrid.

As noted above, the AQS 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 2009 and the six months ended June 30, 2010, the Market-Making Subsidiary's market-making activities accounted for approximately 1.1% and 1.8%, 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 2009 and the six months ended

June 30, 2010 accounting for a maximum of 9.0% and 10.5%, 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 nil to 2.2% in 2009 and from 0.3% to 1.8% in the six months ended June 30, 2010.

During the Regulation M restricted period for the Rights Offering (the "Restricted Period")⁹, the Market-Making Subsidiary intends to continue its market-making activities in the ordinary course of business, although the Rights Offering distribution may result in increased selling pressure and thus volumes of transactions by the Market-Making Subsidiary may be higher than average and represent a greater than average percentage of trading volume.

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 2009 and the six months ended June 30, 2010, represented approximately 3.3% and 2.8%, 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 Rights 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.¹⁰ Similarly, the Asset

⁹ The Regulation M restricted period relating to the Rights Offering is discussed in Section IV of this letter—"Application of Regulation M".

¹⁰ 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

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.

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.¹¹ 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

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 "Chinese Walls" from the areas of BBVA where price-sensitive information relating to BBVA Shares and where information relating to the Rights Offering would be discussed.

¹¹ 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.

customers' unsolicited orders.¹² The unsolicited brokerage activities of the Brokerage Units (excluding trades executed by the Brokerage Units on behalf of the Market-Making Subsidiary) represented approximately 14.6% and 17.6% of the average daily trading volume in BBVA Shares on the Spanish Exchanges during 2009 and the six months ended June 30, 2010, respectively.

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.¹³ 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 June 30, 2010, 41.5% of BBVA's 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.¹⁴ 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. 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 2009 and the six months ended June 30, 2010, the Market-Making Subsidiary's market-making activities accounted for 1.1% and 1.8%, 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 3.3% and 14.6%, respectively, of such average trading volume in 2009 and approximately 2.8% and 17.6%, respectively, of such average trading volume in the six months ended June 30, 2010. In the aggregate, these activities represented approximately 19.0% and 22.2%, respectively, of the average daily trading volume in BBVA Shares on the Spanish Exchanges during 2009 and the six months ended June

¹² 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.

¹³ Accordingly, none of the International Brokerage Units or BBVA Securities Inc. publishes research reports concerning BBVA.

¹⁴ The Brokerage Units are not required, however, to buy or sell BBVA Shares as principal for the benefit of their clients.

30, 2010, making BBVA, on an aggregate basis, the largest participant in the market for BBVA Shares on the Spanish Exchanges and the only market maker in such shares.

Chinese Walls. BBVA has established "Chinese Wall" 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 Rights Offering, would be available. Accordingly, during restricted periods prior to announcements of earnings results or other material developments that have not yet become public, the Global Companies are generally able to continue their respective market activities. BBVA will continue to maintain these "Chinese Wall" 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 Rights Offering.

III. The Rights Offering

The shareholders of BBVA in their Annual General Meeting held on March 13, 2009, authorized the Board of Directors of BBVA to increase the share capital of BBVA, within a maximum term of five years and through one or more capital increases, up to a maximum amount of €918,252,434.6 (equivalent to 50% of BBVA's issued share capital as of such date) by means of the issuance of new shares. The Board of Directors of BBVA is expected to resolve on or about November 1, 2010 that BBVA carry out the Rights Offering, a proposed capital increase of approximately €5.0 billion, which represents approximately 14.3% of BBVA's issued share capital based on the October 28, 2010 closing price of BBVA's ordinary shares, involving the offering to BBVA shareholders of preemptive rights to purchase new BBVA Shares (the "**Rights**").¹⁵ In the Rights Offering BBVA will issue Rights to BBVA shareholders of record on or about November 4, 2010 (the "**Record Date**"; the BBVA shareholders of record on such date, the "**Record Holders**").

The Rights and the new BBVA Shares to be issued in the Rights Offering to record holders of BBVA Shares with registered addresses in the United States will be registered under the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "**Securities Act**"), pursuant to a registration statement on Form F-3. A limited number of additional Rights and new BBVA Shares will be registered on Form F-3 with respect to any possible "flowback" of new BBVA Shares to the United States following the Rights Offer. Rights will be issued to the local custodian for the Depository on behalf of all holders of BBVA ADSs. On or after a specified date, the Depository will seek to sell the Rights it receives and distribute the cash proceeds to the holders of BBVA ADSs. BBVA will prepare one or more offering documents for use in soliciting subscriptions and purchases in the Rights Offering, including a prospectus supplement for use in the United States.

The exercise price at which the rights may be exercised is expected to be determined and announced on or about November 1, 2010. The Rights Offering subscription period must last a

¹⁵ The actual size of the Rights Offering, number of new BBVA Shares to be issued and offer price per BBVA Share is expected to be approved by BBVA's Board of Directors on or about November 1, 2010, and therefore the information herein could change.

minimum of 15 calendar days under Spanish law, commencing on the first calendar day following the Record Date (the "**Subscription Period**"). During the Subscription Period, the Rights will be traded on the Spanish Exchanges and through the AQS. Rights may be exercised at any time during the Subscription Period. In addition, during the Subscription Period, the Record Holders and investors who have acquired Rights and have exercised all of their respective Rights may request to subscribe for additional new BBVA Shares (the "**Additional Shares**") in the event that, at the expiration of the Subscription Period, there exist new BBVA Shares as to which Rights have not been exercised (the "**Surplus Shares**"). The allocation of Additional Shares is expected to take place on the fourth trading day following the expiration of the Subscription Period and is expected to take place on or about November 25, 2010. On such date, BBVA, acting as Rights agent (the "**Rights Agent**"), will determine the number of Surplus Shares and will allocate such shares to the Record Holders and the investors that have requested Additional Shares. Such allocation will be done on a pro rata basis if the number of Additional Shares requested exceeds the number of Surplus Shares.

Any new BBVA Shares that have not been subscribed for during the Subscription Period or allocated to Record Holders or investors requesting Additional Shares will be placed with qualified institutional investors by the underwriters or the Rights Agent at the discretion of BBVA (the "**Discretionary Shares Allocation Period**"). The Discretionary Shares Allocation Period will have a duration of approximately two trading days beginning on or about November 26, 2010, the fifth trading day after the expiration of the Subscription Period. In the event that any new BBVA Shares are not subscribed for by qualified institutional investors at the expiration of the Discretionary Shares Allocation Period, such shares shall be subscribed for by the underwriters.

The closing of the Rights Offering is currently expected to occur on or about November 29, 2010.¹⁶ The new BBVA Shares will be submitted for listing on the Spanish Exchanges and the London stock exchange.

BBVA is making the Rights Offering to optimize its core capital ratio, including in connection with an acquisition expected to be announced the same day as the Rights Offering.

IV. Application of Regulation M

In connection with the Rights Offering, BBVA will offer and sell BBVA Shares to its existing shareholders, some of whom reside in the United States, and may therefore be considered to be engaged in a distribution in the United States for purposes of Regulation M. Pursuant to Rule 100 under Regulation M, the Restricted Period will commence one business day prior to the determination of the offering price for the Rights and will end upon completion of the Rights Offering. Thus, the Restricted Period is likely to last approximately four and one-half weeks.

As business units or affiliates of BBVA that, from time to time, purchase BBVA Shares for their own accounts and the accounts of others and recommend and exercise investment discretion with respect to the purchase of BBVA Shares, the Global Companies may be deemed to be "affiliated purchasers" of BBVA, as defined in Rule 100 of Regulation M. As such, their market

¹⁶ The actual dates of events in the Rights Offering described herein could change.

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 101.¹⁷

If any of the Global Companies participates in the Rights 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.¹⁸ As such, we request relief for the market activities of BBVA and its affiliates described in this letter under both Rules 101 and 102, whichever may apply.

Under both Rule 101 and Rule 102, 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 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 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 the Global Companies to engage in the unsolicited brokerage activities described in Section II of this letter. Therefore, without the requested exemptive relief, the Global Companies would not be permitted to engage in their respective activities for an extended period of time, which is likely to last an aggregate of approximately four and one-half weeks.

BBVA believes that the withdrawal of the most important market participant and the only market maker in BBVA Shares in the primary market for those shares, which are among the most actively traded in Spain, for such an extended period of time would have serious harmful effects in the home market, and, indirectly, in the U.S. market, for BBVA Shares. These effects could include a significant imbalance of buy and sell orders, particularly given the large number of shares to be distributed in the Rights Offering, 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

¹⁷ It is expected that BBVA will act as Rights Agent and Joint Global Coordinator (but not underwriter) for the Rights Offering and engage in solicitation activities outside of the United States, and thus would be a distribution participant.

¹⁸ Although, as discussed more fully below, the BBVA Shares easily meet the ADTV and public float requirements set forth in Rule 101(c)(1), the exception for actively traded securities would not be available because the Global Companies are affiliates of 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 Rights 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. 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 market for BBVA Shares.

The BBVA Shares would easily qualify as actively traded securities that are exempt under Rule 101(c)(1), with an average daily trading volume in 2009 and the six months ended June 30, 2010 of approximately €518.3 million (\$742.8 million) and €705.4 million (\$867.0 million), respectively, and a public float value significantly in excess of \$150 million. 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 the Global Companies is further limited by the "Chinese Wall" 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 the Global Companies rather than activities commenced or managed in

contemplation of the Rights 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 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**"), Royal Decree 1333/2005 (relating to market abuse) and Royal Decree 217/2008 (relating to regulations governing the activities of investment firms).¹⁹ The SSMA established an independent regulatory authority, the Comisión Nacional del Mercado de Valores, or CNMV, to supervise the securities markets. The SSMA governs, among other things, trading practices, tender offers, insider trading and disclosure. In particular, Chapter II of Title VII²⁰ and Article 99(i)²¹ 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 and volumes of securities traded on and off the Spanish Exchanges.

The Spanish Criminal Code 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

¹⁹ European anti-market abuse legislation is found principally in EU Directive 2003/6/CE, which has been incorporated into Spanish law in the SSMA and in Royal Decree 1333/2005.

²⁰ Chapter II of Title VII of the SSMA, includes, among others, Article 83 ter, which first paragraph provides:

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

²¹ Article 99 provides that the breach of Article 83 ter of the SSMA by the individuals and institutions referred to in Article 95 of the SSMA (including brokers, market makers and their respective officers) constitutes a extremely serious infringement, provided, however, that such breach has a material effect on the price (of the relevant security). We would note that, if the effect on the price is not material, this would still constitute a serious infringement as per article 100 (w) of the SSMA.

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 have been made since any prior notice). In addition, 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 the Global Companies to continue to engage in the market-making, derivatives hedging, asset management, insurance and unsolicited brokerage activities 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, BBVA would undertake to include disclosure in the prospectus supplement that will be distributed in the United States in connection with the Rights Offering. The disclosure would be substantially similar to the following:

"During the distribution of BBVA shares in the Rights Offering, BBVA and certain of its affiliates have engaged, and intend to continue to engage throughout the proxy solicitation and the election periods, in various dealing and brokerage activities involving BBVA shares outside the United States. Among other things, BBVA, through one of its subsidiaries, intends to make a market in BBVA shares by purchasing and selling BBVA shares for its own account in Spain on the Spanish Stock Exchanges, in order to provide liquidity to the market. BBVA is not obligated to make a market in BBVA shares, and any such market-making activity may be discontinued at any time. BBVA also intends to engage during the distribution of BBVA shares in the Rights Offering in trades in BBVA shares for its own account and the accounts of its customers for the purpose of hedging their positions established in connection with the trading of certain derivatives relating to BBVA shares, as well as to effect unsolicited brokerage transactions in BBVA shares with

its customers. These activities may occur through the Automated Quotation System of the Spanish Stock Exchanges, on the Spanish Stock Exchanges, the stock exchanges of London and Mexico and in the over-the-counter market in Spain or elsewhere outside the United States. In addition, BBVA's affiliated U.S. broker-dealer may engage in unsolicited brokerage transactions in BBVA shares and American Depositary Shares representing BBVA shares with its customers in the United States. Further, certain of BBVA's asset management affiliates may buy and sell BBVA shares outside the United States as part of their ordinary investment management activities on behalf of their customers, and one of BBVA's insurance affiliates may sell insurance policies which require it to invest the premiums paid by the purchasers of its policies in certain investments, which may include BBVA shares. The foregoing activities could have the effect of preventing or retarding a decline in the market price of the BBVA shares. BBVA has sought and received from the SEC certain exemptive relief from Regulation M under the Exchange Act in order to permit BBVA and certain of its affiliates to engage in the foregoing activities during the distribution of BBVA shares in the Rights 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 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.

As a further 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 the Global Companies make during the Restricted Period (this information with respect 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 Rights 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.

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 your exemptive letter dated June 25, 2007. Further, substantially similar relief has been granted to: (1) Banco Santander, S.A. under your exemptive letter of November 7, 2008,²² (2) UBS AG

²² See Banco Santander, S.A., SEC No-Action Letter, File No. TP-09-16 (November 7, 2008). Similar relief was also provided to Banco Santander, S.A. in your exemptive relief letters dated December 22, 2008, File No. TP-09-29, and August 18, 2008, File No. TP-08-77.

Josephine J. Tao

16

October 28, 2010

under your exemptive letter of May 16, 2008²³ and (3) Allianz AG under your exemptive letter of April 10, 2003.²⁴

²³ See UBS AG, SEC No-Action Letter, File No. TP-08-52 (May 16, 2008).

²⁴ See Allianz AG, SEC No-Action Letter, File No. TP-03-57 (April 10, 2003).

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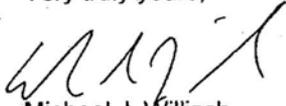
17

October 28, 2010

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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: Mr. Domingo Armengol, BBVA