UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

In the Matter of BANCO BILBAO VIZCAYA ARGENTARIA, S.A. Bilbao, Spain, and BBVA SECURITIES INC. New York, New York	Docket No. 16-028-CMP-FB 16-028-CMP-DEO Consent Order of Assessment of a Civil Money Penalty

WHEREAS, Banco Bilbao Vizcaya Argentaria, S.A., Bilbao, Spain ("BBVA") is a foreign bank as defined in section 1(b)(7) of the International Banking Act (12 U.S.C. § 3101(7)) that is a registered bank holding company, as defined in the Bank Holding Company Act (12 U.S.C. § 1841 *et seq*.) (the "BHC Act");

WHEREAS, the Board of Governors of the Federal Reserve System (the "Board of Governors") issued an Order on March 23, 1998 (the "Authorizing Order") permitting BBVA (formerly Banco Bilbao Vizcaya, S.A.) pursuant to section 4(c)(8) of the BHC Act (12 U.S.C. § 1843(c)(8)) to underwrite and deal in classes of securities that banks may not underwrite or deal in ("Bank-Ineligible Securities") through BBVA Securities Inc., New York, New York (formerly BBV LatInvest Securities, Inc.) ("BSI"), a wholly owned nonbank subsidiary of BBVA, subject to commitments made by BBVA, and the terms and conditions set forth in the Authorizing Order;

WHEREAS, BBVA's commitments and the terms and conditions set forth in the Authorizing Order require, among other things, that BBVA:

(a) Conduct its underwriting and dealing activities using the methods and procedures and subject to the prudential limitations established by the Board of Governors in authorizing other companies to engage in the same activities (the "Operating Standards"); and

(b) ensure that BSI derives no more than 25 percent of its gross revenues from underwriting and dealing in Bank-Ineligible Securities over any two-year period calculated on a quarterly basis (the "Revenue Restrictions").

WHEREAS, based on information identified and reported by BBVA and BSI, the Federal Reserve Bank of Atlanta (the "Reserve Bank") conducted an inspection of BSI and confirmed that:

(a) contrary to BBVA's commitments to the Board of Governors and to certain terms and conditions set forth in the Authorizing Order, (i) during each rolling two-year period beginning July 1, 2008 and continuing through March 31, 2013, BSI's revenue from Bank-Ineligible Securities activities significantly exceeded the Revenue Restrictions ("Bank Ineligible Revenue"); (ii) for the period including at least July 1, 2008 until June 30, 2012, BBVA and BSI submitted quarterly reports to the Federal Reserve that significantly understated the amount of Bank-Ineligible Revenue received by BSI and inaccurately showed that BSI was in compliance with the Revenue Restrictions; (iii) during 2010 and 2011, BSI received several extensions of credit from BBVA's New York branch that were not properly collateralized and BSI failed to pay certain intercompany fees on market terms; and (iv) during the aforementioned periods BBVA and BSI failed to have adequate management oversight, corporate governance, risk management, and internal controls, including internal audit and compliance, with respect to compliance with the Revenue Restrictions and the Operating Standards; and

(b) between July 2011 and October 2011, BBVA directly engaged in impermissible securities underwriting and dealing activities in the United States without the required regulatory approval;

WHEREAS, the conduct set forth above represents or resulted in unsafe or unsound practices, violations of section 4 of the BHC Act (12 U.S.C. § 1843), section 5(c) of the BHC Act (12 U.S.C. § 1844(c)), and Operating Standard 8, which extends application of sections 23A and 23B of the Federal Reserve Act (12 U.S.C. §§ 371c and 371c-1) to transactions by BBVA's U.S. branch with BSI, violations of Regulation K of the Board of Governors (12 C.F.R. § 211.605), and violations of conditions imposed in writing by the Board of Governors and commitments made by BBVA in connection with the Authorizing Order;

WHEREAS, after discovering the conduct set forth above BBVA and BSI took significant steps to comply with BBVA's commitments and the terms and conditions set forth in the Authorizing Order, to improve its internal controls, and to correct the unsafe or unsound practices and violations of law;

WHEREAS, BBVA and BSI have resubmitted quarterly reports for second quarter 2010 through the second quarter of 2012 that accurately state the amount of Bank-Ineligible revenue received by BSI for the applicable periods;

WHEREAS, since April 1, 2013, BSI has been in compliance with the Revenue Restrictions and Operating Standards and has submitted quarterly reports to the Federal Reserve that accurately state the amount of Bank-Ineligible Revenue received by BSI since that time;

WHEREAS, the violations described above warrant the assessment of a civil money penalty against BBVA and BSI pursuant to section 4 of the BHC Act, section 8(b) of the BHC Act (12 U.S.C. § 1847(b)), and section 8(i)(2)(B) of the of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. § 1818(i)(2)(B));

WHEREAS, on October 26, 2016 and November 1, 2016, the boards of directors of BBVA and BSI, respectively, at duly constituted meetings, adopted resolutions authorizing and directing Diego Crasny, New York Branch General Manager and Peter Jensen, President, BBVA Securities, Inc. to enter into this Order of Assessment of a Civil Money Penalty (the "Consent Penalty Assessment") on behalf of BBVA and BSI, respectively, and consenting to compliance with each and every applicable provision of this Consent Penalty Assessment by BBVA and BSI, and waiving any and all rights that BBVA and BSI may have pursuant to section 8 of the FDI Act (12 U.S.C. § 1818), including, but not limited to: (i) the issuance of a notice of charges on any matters set forth in this Consent Penalty Assessment; (ii) a hearing for the purpose of taking evidence on any matters set forth in this Consent Penalty Assessment; (iii) judicial review of this Consent Penalty Assessment; and (iv) challenging or contesting, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of this Consent Penalty Assessment or any provision hereof.

NOW, THEREFORE, before the filing of any notices, or taking of any testimony or adjudication of or finding on any issues of fact or law herein, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for protracted or extended hearings or testimony, it is hereby ordered, pursuant to section 8(i)(2)(B) of the FDI Act (12 U.S.C. § 1818(i)(2)(B)) and section 8(b) of the BHC Act, 12 U.S.C. § 1847(b) that:

CIVIL MONEY PENALTY

1. The Board of Governors hereby jointly and severally assesses BBVA and BSI a civil money penalty in the amount of $27,000,000.00 which shall be paid upon the execution of this Order by Fedwire transfer of immediately available funds to the Federal Reserve Bank of Richmond, ABA No. 05 1000033, beneficiary, Board of Governors of the Federal Reserve System. This penalty is a penalty paid to a government agency for a violation of law for purposes of 26 U.S.C. § 162(f) and 26 C.F.R. § 1.162-21. The Federal Reserve Bank of Richmond, on behalf of the Board of Governors, shall distribute this sum to the U.S. Department of the Treasury, pursuant to section 8(i) of the FDI Act (12 U.S.C. § 1818(i)).

Notices

2. All communications regarding this Consent Penalty Assessment shall be sent to:

(a) Richard M. Ashton
Deputy General Counsel
Federal Reserve Board of Governors
20th and Constitution Avenue, NW
Washington, DC 20551

(b) Diego Crasny
Banco Bilbao Vizcaya Argentaria, S.A.
New York Branch General Manager
1345 Avenue of the Americas, 44th Floor
New York, New York 10105

(c) Peter Jensen
President
BBVA Securities Inc.
1345 Avenue of the Americas, 44th Floor
New York, New York 10105

with a copy to:
B. Shane Clanton
BBVA U.S. Chief Legal Officer
15 20th Street South, Suite 1902
Birmingham, Alabama 35233

Miscellaneous

3. Each provision of this Consent Penalty Assessment shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Board of Governors.

4. The Board of Governors hereby agrees not to initiate any further enforcement actions, including for civil money penalties, against BBVA and BSI, and their affiliates, successors, and assigns, with respect to the conduct that has been or might have been asserted by the Board of Governors described in the WHEREAS clauses of this Consent Penalty Assessment to the extent known to the Board of Governors as of the effective date of this Consent Penalty Assessment. This release and discharge shall not preclude or affect (i) any right of the Board of Governors to determine and ensure compliance with this Consent Penalty Assessment, (ii) any proceedings brought by the Board of Governors to enforce the terms of this Consent Penalty Assessment, or (iii) any proceedings brought by the Board of Governors against individuals who are or were institution-affiliated parties of BBVA or BSI.

5. Except as provided in paragraph 4, the provisions of this Consent Penalty Assessment shall not bar, estop or otherwise prevent the Board of Governors, the Reserve Bank, or any federal or state agency from taking any other action affecting BBVA, BSI, or any of their current or former institution-affiliated parties and their successors and assigns.

6. Nothing in this Consent Penalty Assessment, express or implied, shall give any person or entity, other than the parties hereto and their successors hereunder, any legal or equitable right, remedy or claim under this Consent Penalty Assessment.

By Order of the Board of Governors effective this 19th day of December, 2016.

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

By: Diego Crasny(signed)
Diego Crasny
New York Branch General Manager

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

By: Robert deV. Frierson(signed)
Robert deV. Frierson
Secretary of the Board

BBVA SECURITIES, INC.

By: Peter Jensen(signed)
Peter Jensen
President