



DIVISION OF
TRADING AND MARKETS

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

June 29, 2017

Nicholas A. Kronfeld
Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017

**Re: Banco Santander, S.A.
File No. TP 17-09**

Dear Mr. Kronfeld:

In your letter dated June 29, 2017 (“Letter”), you request on behalf of Banco Santander, S.A., a bank organized under the laws of the Kingdom of Spain (“Santander Spain”), an exemption from Rules 101 and 102 of Regulation M under the Securities Exchange Act of 1934 (“Exchange Act”), in order for Santander Spain and its affiliates to conduct specified “ordinary course” activities in the ordinary shares of Santander Spain (the “Santander Spain Shares”), including in the form of American Depositary Shares (the “Santander Spain ADSs”), in connection with a proposed rights offering by Santander Spain (the “Rights Offering”).¹

You seek exemptive relief to permit Santander Spain and its affiliates to conduct activities in the ordinary course of business outside the United States in Santander Spain Shares and Santander Spain ADSs during the Restricted Period. Specifically, you request that: (i) the Market Making Subsidiary be permitted to continue to engage in market making activities as described in the Letter; (ii) the Treasury Departments be permitted to continue to engage in derivatives market-making and hedging activities as described in the Letter; (iii) the Asset Managers be permitted to continue to engage in asset management activities as described in the Letter; (iv) the Insurance Companies be permitted to continue to engage in insurance activities as described in the Letter; and (v) the Non-U.S. Brokerage Units be permitted to continue to engage in unsolicited brokerage activities as described in the Letter.

You also seek exemptive relief to permit certain Santander Spain affiliates to conduct activities in the ordinary course of business in the United States in Santander Spain Shares and Santander Spain ADSs during the Restricted Period. Specifically, you request that: (i) the Puerto Rico Asset Manager be permitted to continue to conduct asset management activities in Puerto Rico as described in the Letter; (ii) Banco Santander

¹ We have attached a copy of the Letter. Each defined term in our response has the same meaning as defined, directly or by reference, in the Letter, unless we note otherwise.

International be permitted to continue to conduct asset management activities from the Continental United States for non-U.S. clients as described in the Letter; and (iii) the U.S. Brokerage Units (Santander Investment Securities and Santander Securities LLC) be permitted to continue to engage in unsolicited brokerage activities as described in the Letter.²

Response:

Based on the facts and representations that you have made in the Letter, but without necessarily concurring in your analysis, the Securities and Exchange Commission (“Commission”) finds that it is necessary or appropriate in the public interest, and is consistent with the protection of investors, to grant, and hereby grants, Santander Spain and the Companies an exemption from Rules 101 and 102³ to permit them to continue to engage in the activities described in the Letter during the Restricted Period.

This exemption is subject to the following conditions:

1. None of the transactions for which relief is being granted shall occur in the United States, except transactions in connection with the unsolicited brokerage activities by Santander Investment Securities and Santander Securities LLC, Puerto Rican client asset management activities of the Puerto Rico Asset Manager, and non-U.S. client asset management activities of Banco Santander International, as each is described in the Letter;
2. All of the transactions for which relief is being granted shall be effected in the ordinary course of business, as described in the Letter, and not for the purpose of facilitating the Rights Offering;
3. Santander Spain shall include disclosure in the prospectus supplement that will be distributed to United States investors that participate in the Rights Offering regarding the possibility of, or the intention to make, the transactions described in the Letter;
4. Santander Spain shall keep records for each purchase or sale of Santander Spain Shares or Santander Spain ADSs that Santander Spain or any of the Companies

² For purposes of this letter, the Market Making Subsidiary, the Treasury Departments, the Asset Managers (including the Puerto Rico Asset Manager and Banco Santander International), the Insurance Companies, the Non-U.S. Brokerage Units, and the U.S. Brokerage Units (Santander Investment Securities and Santander Securities LLC) are collectively referred to as the “Companies.”

³ As described in the Letter, the Companies may be deemed to be “affiliated purchasers” of Santander Spain, and thus subject to Rule 102 of Regulation M. As also described in your Letter, Santander Spain, the Non-U.S. Brokerage Units, and the U.S. Brokerage Units also may be deemed to be “distribution participants” in connection with their participation in the Rights Offering, and thus subject to Rule 101 of Regulation M.

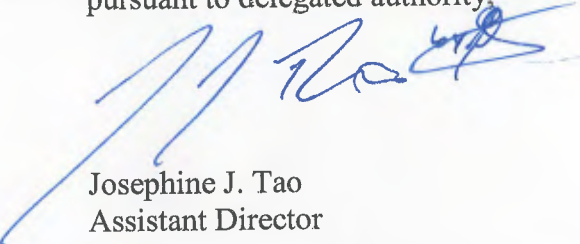
effects in the United States during the Restricted Period (“Records”). Such Records shall include:

- (a) the date and time of execution, the broker (if any), and the amount and price of the transaction;
 - (b) the market or other manner in which the transaction is effected, and
 - (c) whether the transaction was made for a customer account or a principal or proprietary account (but such Records will not include any client-specific data, the disclosure of which is restricted under applicable law);
5. Upon written request of the staff of the Division of Trading and Markets (“Division”), Santander Spain shall make the Records (arranged in a time-sequenced manner) available to the Division at its offices in Washington, D.C., within 30 days of its request;
 6. Santander Spain and each of the Companies shall retain the Records for a period of two years following the completion of the Rights Offering;
 7. Representatives of Santander Spain and each of the Companies shall be made available by telephone to respond to inquiries of the Division relating to the Records; and
 8. Except as otherwise exempted by this letter, Santander Spain and each of the Companies shall comply with Regulation M in connection with the Rights Offering.

* * * * *

The foregoing exemption is based solely on the facts presented and the representations made in the Letter. Any different facts or circumstances may require a different response. This exemption is subject to modification or revocation at any time the Commission determines that such action is necessary or appropriate in furtherance of the purposes of the Exchange Act. In addition, persons relying on this exemption are directed to the anti-fraud and anti-manipulation provisions of the Exchange Act, particularly 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 rests with the persons relying on the exemption. We express no view with respect to any other question that the Letter, or any activities undertaken pursuant to this exemption, may raise, including, but not limited to, the applicability of other federal or state securities laws or rules, or other laws and rules, to the proposed activities.

For the Commission,
by the Division of Trading and Markets,
pursuant to delegated authority.⁴



Josephine J. Tao
Assistant Director

Attachment

⁴ 17 CFR 200.30-3(a)(6).