***AFME OTC Cash Equity Trades – Default Protocol***

This Protocol (the “2024 Protocol”) is published by the Association for Financial Markets in Europe (**AFME**). Its purpose is to allow parties to adhere to a set of standard default provisions for contracts for the sale and purchase of cash equity securities for settlement by the delivery of such equity securities, where (as more particularly set out in the definition of Covered Trade in section 4 of the Protocol) the contracts are not subject to the default rules of, inter alia, a regulated market, multilateral trading facility, clearing house, or to binding contractual terms expressly agreed in writing that would apply to determine the parties’ rights and obligations under the contract upon or following an Act of Insolvency.

The 2024 Protocol is an update to the 2010 Protocol to account for subsequent updates to relevant legislation and to modernise the adherence process.

The 2024 Protocol is intended to be used by persons falling within any of the following categories:

* Investment Firms;
* Credit Institutions; and
* Equivalent Third Country Firms.

The 2024 Protocol is intended to create legal rights and obligations and parties are encouraged to take legal advice about its terms and effect before adhering to the 2024 Protocol. Please note the limitation of AFME’s liability as set out in Article 10 of the 2024 Protocol.

Parties may adhere to the 2024 Protocol, to be bound by its terms, by following the adherence procedure described in Section 2 of the 2024 Protocol. Each party that has adhered to the Protocol (an ***Adhering Party***) agrees that the 2024 Protocol shall apply to all Covered Trades entered by it with another Adhering Party. The 2024 Protocol shall take effect as separate bilateral agreements between each Adhering Party and each other Adhering Party.

The terms set out in the 2024 Protocol will be effective as between each pair of Adhering Parties from the time that they become Adhering Parties. If they had previously adhered to Version 1 of the OTC Cash Equity Trades – Default Protocol published 22 September 2010 (the 2010 Protocol), the 2010 Protocol shall no longer be effective between them.

Each Adhering Party agrees that, to the extent that the 2010 Protocol applied to a Covered Trade entered into by it with another Adhering Party at the time this Protocol became effective, that Covered Trade shall be governed by the 2024 Protocol instead of the 2010 Protocol.

**A party intending to adhere to the 2024 Protocol should follow the process set out in clause 2.2 of the 2024 Protocol and send to AFME by email at**[OTCdefaultprotocol@afme.eu](mailto:OTCdefaultprotocol@afme.eu):

* an electronically signed original (or a scanned pdf copy of the manually signed original) and a copy of it containing, in place of each signature, the printed or typewritten name of each signatory (a ***conformed copy***) of the Adherence Letter.

A party will become an Adhering Party to the 2024 Protocol with effect from midnight (London time) on the date on which that party’s name is entered on the list of Adhering Parties maintained by AFME and published on the AFME Website.

This 2024 Protocol is intended for use without negotiation. In adhering to the 2024 Protocol, a party may not specify amendments to the 2024 Protocol or additional provisions, conditions or limitations in its Adherence Letter or otherwise. Any such purported amendments, additional provisions, conditions or limitations will be of no effect and will result in such party failing to become an Adhering Party.

All Covered Trades between each pair of Adhering Parties, together with the 2024 Protocol, will be deemed to form a single agreement between that pair of Adhering Parties. Any provisions governing any Covered Trades, whether collectively or individually, shall continue to apply to the respective Covered Trades but in the event of any conflict with this 2024 Protocol the provisions of this 2024 Protocol shall prevail.

The 2024 Protocol, accompanying exhibits and completed forms that have been submitted to AFME can be found below.

**Download Protocol and Exhibits:**

* [AFME OTC Cash Equity Trades – Default Protocol](https://www.afme.eu/Portals/0/Equities%20OTC%20Protocol%20Documents/OTC%20Cash%20Equity%20Trades%20_%20default%20protocol%20Version%202%2020%20May%202024.pdf?ver=-xspmICtaB_XMGaGPRZlsA%3d%3d) (version 2, published 20 May 2024 )
* [Exhibit 1](https://www.afme.eu/Portals/0/Equities%20OTC%20Protocol%20Documents/Form%20of%20Adherence%20Letter%202024%20Protocol.docx?ver=QCAwVp_XA0iCocfPBGmzsg%3d%3d) Adherence Letter
* [Exhibit 2](https://www.afme.eu/Portals/0/Equities%20OTC%20Protocol%20Documents/Form%20of%20Withdrawal%20Letter%202024%20Protocol.docx?ver=KjI0fr81NcD0ANp--23P6Q%3d%3d) Withdrawal Letter

For website technical queries please email [WebsiteHelpdesk@afme.eu](https://WebsiteHelpdesk@afme.eu/)

Download an up-to-date list of 2024 Protocol adhering party legal entities, adherence dates and adhering party contacts.