MLETR-Compliant Title Transfer Project

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Supported By: Project Group
White Paper that provides clear guidance on broad technical methods to achieve the requirements outlined in the Model Law on Electronic Transferable Records (contextualized towards electronic negotiable Bills of Lading)

- How Distributed Ledger Technology could be used to facilitate title transfers of MLETR-compliant title records (other feasible technologies may also be considered)
- How existing UN/CEFACT deliverables could be used in this context
- Key issues to consider while creating, administering and using technologies for electronic transferable records
Why Bother?

UN/CEFACT Recommendation 12 in 2011 – Simplify, rationalize and harmonize the procedures and documents used to evidence the contract of carriage in maritime transport by encouraging the use of Sea Waybills.

**Present**
- Negotiable Bills of Lading still mostly paper based
- Manual processing and delivery with high costs
- Risk of fraud e.g. forgeries

**Future**
- Interoperable with global trade network
- Lower costs of processing
- Enable innovative services
What is a transferable document?

Any transferable document or instrument that entitles holder to claim delivery of goods or payment of sum of money.

Perf of Obligation - Delivery of goods
e.g. bills of lading, warehouse receipts, dock warrants

Entitled to claim

Payment of money
e.g. bills of exchange, promissory notes
UNCITRAL Model Law on Electronic Transferable Records (2017)

International standards on electronic functional equivalent of paper transferable document or instrument help to reduce existing problems with digitalisation.

Requirements of unique original, possession and endorsement & delivery:
- “the ETR” as functional equivalent of unique original
- “Control” as functional equivalent of possession

Protection against claims from third parties is a distinguishing feature – can only be achieved with statutory provisions (not by contract).
Model Law Requirements of an ETR

An Electronic Transferable Record

Article 10.a. contain all required information/data as per the original paper counterpart.

Article 10.b.a. a **reliable method** is used to:

i. identify an electronic record as the electronic transferable record; [singularity]

ii. subject the electronic record to control from its creation to expiry [exclusive control]

iii. retain the integrity of the electronic record. [integrity]

Electronic “Original”

Electronic Copies

Electronic

10.b.i.

10.b.ii.

10.b.iii.
Model Law Requirements of an ETR

“Reliable Method” Requirements

Article 12.a. As reliable as appropriate for the fulfilment of the function for which the method is being used, in the light of all relevant circumstances, which may include:

i. Any operational rules relevant to the assessment of reliability;

ii. The assurance of data integrity;

iii. The ability to prevent unauthorized access to and use of the system;

iv. The security of hardware and software;

v. The regularity and extent of audit by an independent body;

vi. The existence of a declaration by a supervisory body, an accreditation body or a voluntary scheme regarding the reliability of the method;

vii. Any applicable industry standard
Project Group

• Meets once every 3 weeks

• Experts from UNCITRAL, UNESCAP, FIATA, ICC, various Academic Institutions, various private sector participants (tech providers, port authority, banks)

• Currently at discussion of first Draft
Draft Table of Contents

• Chapter 1: Background
  • Intended Audience for the Paper
  • Importance of enabling dematerialisation of Bills of Lading
  • What is in-scope and out-of-scope

• Chapter 2: Technical Methods for satisfying requirements
  • Distributed Ledgers
  • Centralised Registers / Systems

• Chapter 3: Implementation Considerations / Guidelines
  • Medium-switching
  • Insurance cover
  • ICC’s eUCP
Call for Participation

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