

# MLETR-Compliant Title Transfer Project

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Supported By: Project Group



UN / CEFACT

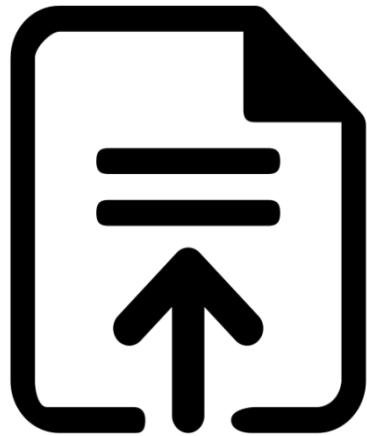
White Paper that provides clear guidance on broad technical methods to achieve the requirements outlined in the Model Law on Electronic Transferable Records (contextualized towards electronic negotiable Bills of Lading)

- 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



# What is a transferable document?

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



*Entitled to claim*



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

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

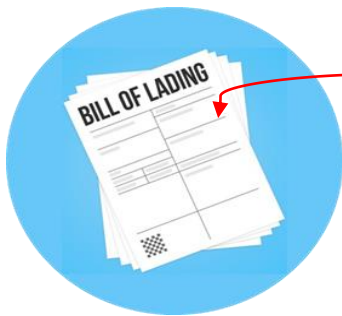
“the ETR” as functional equivalent of unique original

“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

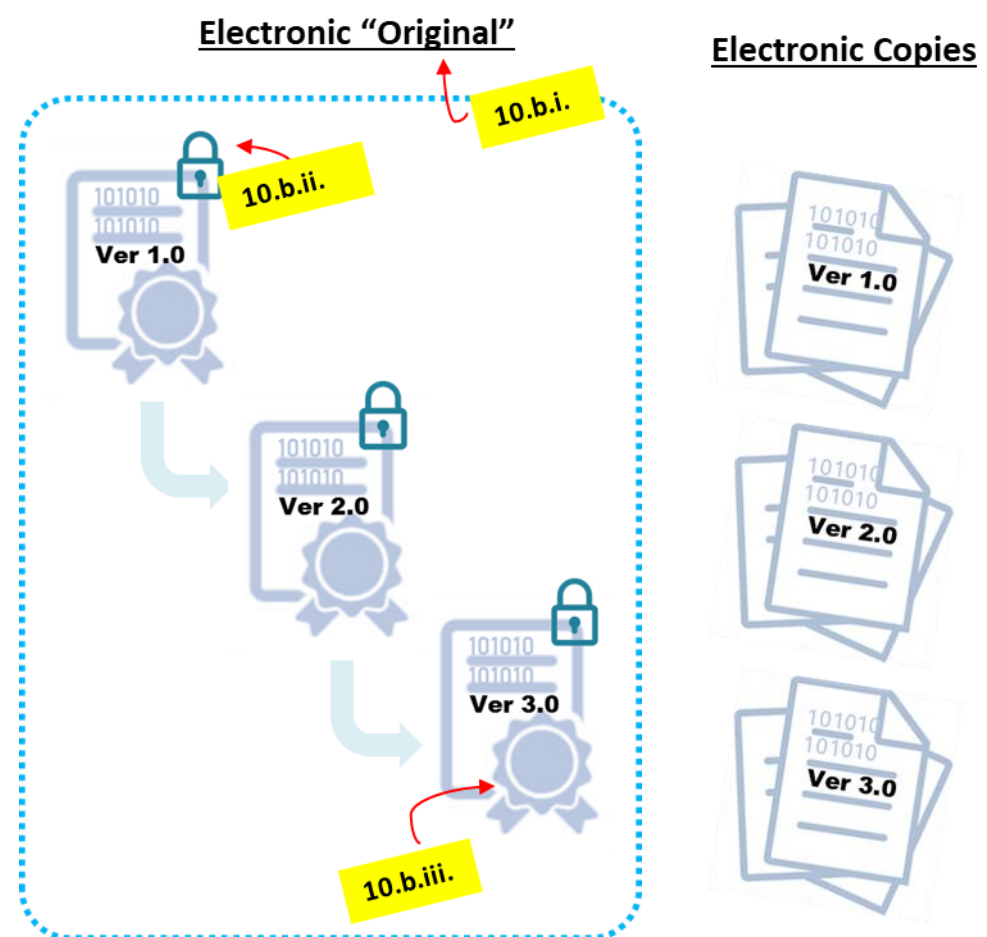
## An Electronic Transferable Record



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

complies with the requirements of article 10;

- Article 10.b. 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]



# 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

- Welcome to write to:
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