

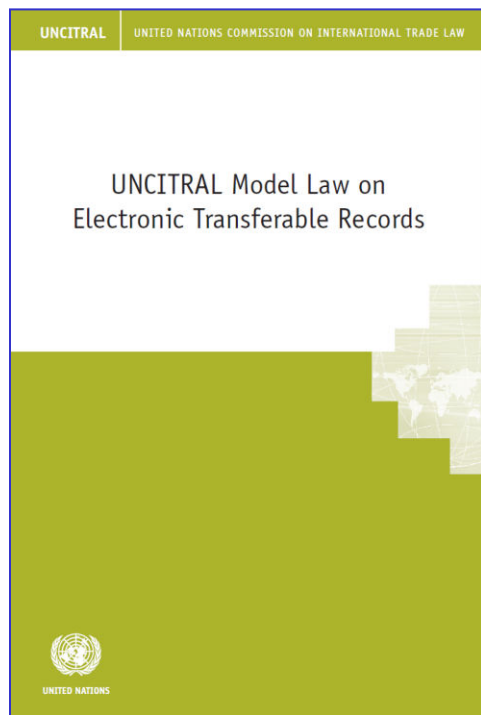


Overview of the UNCITRAL Model Law on Electronic Transferable Records

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Adopted in 2017, the Model Law on Electronic Transferable Records (MLETR) enables the use in electronic form of bills of lading, promissory notes, etc.

Seen as a key enabler of digital trade financing and paperless trade facilitation

Supports the use of emerging technologies developments such as blockchain, IoT and smart contracts

MLETR: the core issue

- Certain commercial documents and instruments incorporate the right to delivery of goods or payment of sums of money:
 - bills of lading
 - bills of exchange
 - promissory notes
 - warehouse receipts
 - cheques
 - (letters of credit, insurance policies / certificates, ...)
- The incorporation of the right to delivery or payment presupposes the use of a tangible medium (paper)

Background

- E-bills of lading have been a pending issue for decades
- Few existing laws:
 - Demand the use of specific technology
 - Deal with one type only of document
 - Create a special type of ETR
- This approach may be effective in the short term, but multiplies IT systems and creates data silos
- E-B/L based on contractual rules
 - Law of B/L does not apply to them
 - They require the adoption of a contractual framework that cannot be opposed to third parties

Fundamental features of the MLETR

- Enabling law: no new regulation or prescription
- Technology neutral: compatible with registry-, token- and distributed ledger-based (blockchain) systems
 - Promotes interoperability and dataflows
- Built around functional equivalence rules: the same law applies to electronic and paper-based documents:
 - Interaction with third parties
 - Use as collateral
- And more:
 - Inclusion of metadata, data originating from oracles, smart contracts etc.
 - Change of medium

Preventing double-spending

- Need to avoid multiple requests for the same performance
 - Paper-based documents are supposed to be in a single original
 - From experience, paper-based documents are sufficiently reliable, but they are far from perfect
 - Documentary credit fraud is on the rise
- The MLETR combines the notions of “control” and “singularity” to prevent multiple claims
- One ETR = one claim for performance

MLETR and business process re-engineering

- Dematerialisation of certain commercial documents is a necessity
- Adoption of the MLETR allows reengineering business processes around commercial transactions (and not documents)
- All commercial (transport and finance) and regulatory documents may be contained in a single electronic transferable record
 - Information may be selectively shared with business partners
 - This enables integration in a single flow of all data elements in the supply chain (“data pipeline”)
- A single electronic transferable record offers best data quality
 - complete, accurate, up-to-date and authentic

Why enact the MLETR?

- Enables trade-related dataflows
 - Based on tech-neutrality and interoperability
- Improves governance of supply and trade financing chains
- Reduces compliance costs
 - Easier access to credit
- Safeguards against fraud
- Minimises manual inputs
 - Prevents errors and inconsistencies
- Addresses specifically cross-border operations

MLETR in practice: response COVID-19 related trade disruptions

- Risk reduction:
 - paperless trade minimises personal interaction
 - blockchain implementation may increase origin traceability
- Faster response:
 - full control of logistics and customs supply chain allows real time tracking and priority delivery of critical shipments
- Robust economic recovery:
 - improved trade financing governance and reduced compliance costs allow easier, faster and more affordable access to credit, including by SMEs

How to enact the MLETR?

- MLETR may be enacted as a stand-alone or add-on to existing texts
 - Some 100 States have enacted UNCITRAL texts on e-commerce
 - Text and explanatory note are available on the [UNCITRAL website](#)
- Adopted in Bahrain, Singapore, Abu Dhabi Global Market
- Bills introduced in Kiribati and Paraguay, among others
- Referenced in Digital Economy Agreements
- The G7+ [ministerial declaration](#) of 28 April 2021 promotes a framework for G7 collaboration on electronic transferable records based on MLETR