

20 February 2020

Electronic (Paperless) Trading

Approval of CargoX

This circular informs Members of the approval by the International Group of P&I Clubs (the Group) of CargoX. Members may recall, as reported in the [Circular](#) of 28 October 2015, that until February 2010 the Rules of all of the Group Clubs specifically excluded liabilities in respect of the carriage of cargo under all electronic, i.e. paperless, trading systems to the extent that the liabilities under such systems would not have arisen under a 'normal' paper system i.e. one using transferable paper documentation.

From 20 February 2010 liabilities arising in respect of the carriage of cargo under such paperless trading systems were covered, provided that the system had first been approved by the Group. Since then the Group has approved electronic systems administered by Electronic Shipping Solutions (essDOCS), Bolero International Ltd (more specifically the Rulebook/Operating procedures September 1999), e-title™ solution, Global Share S.A. edoxOnline and WAVE. CargoX has now been added to the list of IG approved systems.

CargoX describes itself a system which provides a Blockchain Document Transaction System (BDTS) online. It is based on blockchain technology that is intended for creating, tracking, managing, storing, and transferring the ownership of documents using blockchain technology to enable carriers, shippers, consignees, endorsees, banks, freight forwarders and other parties to issue, exchange and sign a variety of supply chain-encrypted documents with no need for a central server or registry. The system is supported by a legal framework known as the Special Terms and Conditions (ST&C) that facilitates the transfer and endorsement of electronic bills of lading. While the system removes the need for a paper bill there is scope to revert to paper where it is necessary to do so. CargoX is the third system approved by the Group to use Blockchain technology. Further details can be found on the company's website <https://cargox.io/platform/Smart-BL/>.

The legal documentation, conditions and terms associated with the use and operation of CargoX are set out in the Special Terms and Conditions version 1, dated 10 February 2010. This version has been reviewed and approved by the Group.

Other exclusions of cover under Group Club Rules relating to the carriage of cargo will of course continue to apply in respect of essDOCS, Bolero, e-title, edoxOnline, WAVE and CargoX in the same way as for paper systems. These exclusions include discharge at a port or place other than the port or place provided for in the contract of carriage, the issue / creation of an ante or post-dated electronic document / record, and the delivery of cargo without the production of the negotiable electronic document / record, which in the case of an approved electronic trading system will mean delivery of cargo other than in accordance with the rules of that trading system.

It would be helpful to the Group when monitoring the use and development of these systems if Members who use them would advise the Club of any benefits or difficulties which they encounter, legal or practical, in the operation of the system or systems.

All clubs in the Group have issued a similar circular.