



CHINA SHIPOWNERS MUTUAL ASSURANCE ASSOCIATION

Circular (CLM) 04/2016

TO THE MEMBERS

4th May., 2016

ELECTRONIC (PAPERLESS) TRADING SYSTEMS

Dear Sirs,

This circular informs Members of the approval by the International Group of P&I Clubs (the Group) of the e-titleTM solution. Members will recall, as reported in Circular (CLM) 15/2010, 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 20th February 2010 liabilities arising in respect of the carriage of cargo under such systems were covered provided that the system had first been approved by the Group. The first two systems approved by the Group were those administered by Electronic Shipping Solutions now known as essDOCS Exchange Ltd (more specifically the version referred to as DSUA 2013.1) and by Bolero International Ltd (more specifically the Rulebook/Operating procedures September 1999.) Both those two systems continue to be approved. In addition the e-titleTM solution can now be added to the list of approved electronic i.e. paperless systems.

e-titleTM is a secure mechanism focusing exclusively on title transfers, complementing existing web-portal services offered by shipping lines, logistics operators and trade facilitators. The solution is supported by a legal framework to facilitate electronic exchange of Bills of Lading and waybills, removing the need for a paper Bill of Lading. Further details can be found on the company's website -www.e-title.net/. The legal documentation associated with the use and operation of the e-titleTM solution is the Electronic Title User Agreement (version 1.2). This document has been extensively reviewed by the Group.

Exclusions of cover under Group Club Rules relating to the carriage of cargo will of course continue to apply in respect of essDOCS, Bolero and E-Title 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

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approved electronic trading system will mean delivery of cargo other than in accordance with the rules of that trading system.

As with previous electronic systems, it would be helpful to the Group, in monitoring the use and development of these three systems, if Members who are using any of them would advise the Club of any benefits or difficulties which they encounter, legal or practical, in the operation of the systems.

Yours faithfully,

China Shipowners Mutual Assurance Association