

# Electronic Bill of Lading for Carriers

## Frequently Asked Questions (FAQs)

### Introduction

As with a traditional bill of lading (b/l) there are two principle types of electronic bill of lading (eBL) supported by Bolero:

- a) Straight (non-transferable/non-negotiable) - which will name the shipper and the consignee
- b) Transferable/negotiable - which will name the shipper and be made out to order (either a specific party 'Order of XX') or blank (blank endorsed (or bearer) eBL).

What you issue as a carrier will depend on what your customer requires. You will prepare the bill of lading attachment populating this with the usual data; description of cargo, details of vessel, load/discharge port, clausings, freight details if required etc. Once this document is created an eBL is created by uploading the document into Bolero and attaching Title Registry Instruction (TRI) to the document. The TRI creating an eBL contains a number of fields which need to be completed and care should be taken to ensure that the data in those fields matches the data in the eBL document. The first holder of the eBL will receive a notification that it is the holder and will receive the eBL document.

**Q.** How much does it cost for a carrier?

**A.** Bolero charges no fees to Carriers, Agents, Forwarders or Operators.

**Q.** Do I need to install software or buy hardware?

**A.** Whilst it is possible to integrate systems to Bolero (see below) it is unlikely that you will want or need to do this initially and, if volumes are low, perhaps never. Carriers currently using the system do so via an application using a web browser. There is a small downloadable plug-in which is needed to sign Bolero messages that Bolero provides free of charge. As long as you have a Windows PC with internet access no further hardware or software is required. Occasionally some minor configuration work is required and Bolero will help with this if necessary.

**Q.** What impact does the eBL have on Letters of Indemnity (LOIs)?

**A.** An eBL significantly reduces the likelihood of goods having to be discharged prior to surrender of the b/l therefore reducing the requirement for LOIs. For example, a Bolero customer has seen a 90% reduction in LOIs in the 6 months since going live with their first eBL.

**Q.** Is the system secure?

**A.** Bolero applies the highest levels of technical and physical security to its Bolero Exchange platform. eBLs are signed with digital certificates (as used in banking for electronic funds transfer) which

provide an encrypted, unique signature. The communication channels are encrypted and the Bolero Exchange software is hosted in a secure data centre with full, high availability redundancy. In addition Bolero is audited to SSAE16 (replacement for SAS70) each year by an external auditor which complements the regular penetration tests that are carried out by specialist IT security organisations.

**Q.** How long does it take to get started?

**A.** You can be ready to go very quickly (within days) if there is an urgent need. However, it is always better to avoid a last minute rush so we would usually say two weeks would typically be more practical. This will give you time to review the material and agreements and to enrol.

**Q.** Who can create an eBL?

**A.** Only a Carrier or someone acting with the Carrier's explicit authority (e.g. Agent or Forwarder) can create an eBL. In the context of Bolero, explicit authority means using the Carriers electronic signature.

**Q.** How do I create eBLs? How long does it take?

**A.** A Bolero eBL is formed of two parts. The first of these is the eBL text. This is created in the same way as a traditional b/l. Rather than issue this as a b/l, this document is then scanned (both sides) to create a PDF document. The carrier (or agent acting on the carriers behalf) logs into the Bolero System and imports this document into Bolero. The next step is to create TRI (shown below), the terms of which will depend on the type of eBL that the shipper has requested. It takes a matter of minutes to create and issue an eBL.

<b>Originator</b> *	<input type="text" value="ABC-carrier-company"/>	<input type="button" value="Address Book"/>
<b>Surrender party</b>	<input type="text"/>	<input type="button" value="Address Book"/>
<b>Shipper</b> *	<input type="text" value="EXP-exporting-inc"/>	<input type="button" value="Address Book"/>
<b>Holder</b> *	<input type="text" value="EXP-exporting-inc"/>	<input type="button" value="Address Book"/>
<b>To order</b> <input checked="" type="radio"/>	<input type="text" value="International-Bank-Co"/>	<input type="button" value="Address Book"/>
<b>Consignee</b> <input type="radio"/>	<input type="text"/>	<input type="button" value="Address Book"/>
<b>Blank endorse</b> <input type="radio"/>		

\* Required field

Once the TRI is created this is then electronically signed and sent to Bolero. The Title Registry will record the TRI and will send the eBL to the first Holder (typically the Shipper).

**Q.** Can I create the eBL directly in Bolero without creating a paper b/l first?

**A.** Yes, a Bolero eBL can be created directly in the Bolero application. The application combines the b/l text data entered with a Bolero TRI to create an eBL. There is no requirement to create a paper b/l. The eBL including TRI will then be electronically signed and sent to Bolero. The Title Registry will record the TRI and will send the eBL to the first Holder (typically the Shipper).

**Q.** Can I create an eBL that is then available as structured data to other parties (e.g. Banks) and systems?

**A.** Yes, Bolero supports structured eBL data. eBLs created directly in the Bolero application or where Bolero is integrated into a carriers back office are capable of being sent over the Bolero network in a structured format. However, unlike other systems which force the user to create structured data immediately, Bolero offers a unique migration path allowing carriers to move at their own pace to a fully structured, straight through processing (STP) environment.

**Q.** Why a Title Registry?

**A.** Because a b/l represents rights over the goods described, there is an absolute requirement that the bill be a) unique and b) original. The Title Registry is a database which records the lifecycle of the eBL and ensures that once you have created the eBL it cannot be changed by anybody but you and that it cannot be duplicated as an eBL.

**Q.** What about image and printed copies?

**A.** Of course it is possible to print out a copy of the document in the same way as it is possible to photocopy a bill of lading but these simply represent copies which may have use in relation to the data they contain but are of no value in transferring rights, which is managed through the Title Registry.

**Q.** What if the eBL needs to be changed?

**A.** This can happen if the eBL is incorrect or specific extra details are required for a letter of credit. It can also happen where the holder of the bill wants a replacement eBL or a split or combine bill. It is the carrier's choice as to whether the request is granted. There is functionality in the Bolero interface to ensure that the holder formats the request correctly.

An amendment can only be requested by the Holder via the Title Registry. This transfers the eBL back to the carrier whilst the amendment request is pending. Used properly, this ensures that there can only be one eBL for the goods at one time.

**Q.** What if the holder requires a paper version?

**A.** This is a sub-set of a change request. There is specific functionality in the Bolero interface to allow the holder to request the replacement of an eBL with a traditional paper bill of lading. A request of this nature, if accepted by the carrier, will result in the surrender of the eBL and the carrier is safe to issue a traditional paper bill. Used properly, there is no chance of an eBL and paper bill of lading covering the same cargo existing at the same time.

**Q.** How does the surrender process work?

**A.** eBLs can move between parties and be surrendered a great deal quicker than a traditional b/l. Delivery of the cargo will be subject to your normal practices and procedures (including freight and demurrage payments) and these will vary from port to port. With Bolero it is easy to verify if the eBL has been surrendered. Delay in the paper processes are the most common reason for bills of lading not being available at the discharge port. Thus, using an eBL means far fewer occasions when a Letter of Indemnity (LOI) is required, reducing risk and the administrative burden caused by LOIs.

**Q.** What happens at the discharge port? How does the carrier know that the eBL has been surrendered?

**A.** When an eBL has been surrendered the Carrier will receive an automated email from Bolero, notifying them of this action. This prompts the Carrier to log-in to the system and view the transaction folder (shown below) in the Bolero application.

Sort by Date Descending Show

X ! ▶	Originator	General ID	Type	Date/Time ( GMT )	Final/draft	Status	TR
		<a href="#">bl-999-12345</a>	<a href="#">705 - Bill of Lading</a>	<a href="#">2013-02-14 16:20:09</a>	<a href="#">Final</a>	<a href="#">Sent in message</a>	<a href="#">Ended</a>

The final column shows that the TR as 'Ended' – meaning that this eBL has been surrendered. By opening the document the sequence of electronic endorsements is displayed:

#### Current Status

```

BBLApplication:
Instruction:
Surrender:
DocumentID:
  RID: DXA-Global-Imports
  GeneralID: BL-999-12345
BBLInfo:
DocumentID:
  RID: ABC-carrier-company
  GeneralID: BL-999-12345
BBLState:
  State: Ended
Originator: ABC-carrier-company
Shipper: EXP-exporting-inc
Holder: cts-tr-imp
ToOrder: International-Bank-Co
EndorsementChain:
EndorsementEntry:
  Time: 2013-02-13 23:06:47
  ToOrder: International-Bank-Co
  
```

This particular endorsement chain shows that the 'To order' party (International-Bank-Co) has surrendered the eBL to the carrier. The carrier can now proceed to release the cargo in accordance with the usual practices for the cargo at the discharge port (delivery instruction/release notice etc.).

**Q.** What if I am not the owner of the ship? Can the system work with Charterers bills?

**A.** Bolero eBLs are linked to the contractual carrier so it will depend on who that is. In the bulk trades the contractual carrier is typically the head owner. If you are not the head owner, then the head owner will need to contact Bolero and enrol. The Bolero system works equally well with charterers bills as it does with owners bills. The essential characteristic is the contractual carrier. Which party is contracting to move the cargo from A to B.

**Q.** Can I rely on the terms and conditions in the bill of lading? Are these terms and conditions any different?

**A.** The terms and conditions form part of the eBL contract and are included in the eBL document. Terms and conditions dealing with limitations and exclusions of liability are exactly the same.

**Q.** What about multiple copies?

**A.** The system is designed to create a unique Title Registry record for each eBL. The technology ensures that this unique Title Registry record always has the unique eBL document. The technology also ensures that the holder can only transfer the holdership to one other party and once that has been done the previous holder has no other rights over the eBL. A common assumption is that the eBL document is the eBL. This is not accurate. Without the Title Registry record the eBL document has no status and represents no more than a scan or a photocopy of the data it contains. If a party intends to surrender a print out as a surrender of an eBL this should be refused. This has the same value as a photocopy or a fax of a cheque.

**Q.** What happens to the physical document that is used to create the eBL?

**A.** It is important that the physical document which is used to create the eBL is not issued. Otherwise there would be two versions of the same bill of lading in circulation. The physical document should be destroyed, marked as a copy/draft or secured in some other way. This is no different to the situation where you issue a replacement bill of lading in current practice.

**Q.** Can I track the eBL as it moves from holder to holder?

**A.** The system is designed to replicate the flow of a paper bill of lading. So unless you are asked to replace or change the eBL you won't automatically be able to see who holds the eBL at any particular time until the final holder surrenders the eBL to you. You can ask other users to copy you on messages but this will require their agreement.

**Q.** Load port agents usually prepare and/or issue bills for us. How will that work for eBLs?

**A.** Whilst it is possible to sign eBLs anywhere (e.g. carriers head office), we have seen that carriers tend to use their agents in the load port who are responsible for creating the paper document to upload and issue the eBL on their behalf. The carrier will provide a Login ID and a user certificate to the load port agent to enable them to create the eBL. The carrier stays in control of these logins and manages them directly.

**Q.** What about Customs?

**A.** There is a perception that Customs Authorities require sight of the original paper bill of lading. Experience has shown that this hasn't been necessary. If it does prove necessary there is a simple work around.

**Q.** What about P&I coverage?

**A.** The Bolero eBL was the first to be reviewed and approved by the International Group of P&I Clubs. P&I will cover liability for loss of or damage to cargo under a Bolero eBL on the same basis as if a traditional bill of lading had been issued.

**Q.** Can I integrate to my own Bill of Lading systems?

**A.** A number of Bolero users have integrated their own systems to communicate with Bolero this is typically achieved through gateway and mapping functionality.

**Q.** What documentation do I need to complete to get started? What do I need to do to get ready to issue eBLs?

**A.** You need to sign a simple agreement with Bolero International. You will also need to enrol to use the Bolero System (see below). Following enrolment you will have your unique digital certificate which will allow you to log on to Bolero. We will show you how to create and issue the eBL.

**Q.** What about training?

**A.** Using the Bolero application for the creation and issuance of eBLs is straight forward. Recording the surrender of the eBL is also very easy. We can train you to use the Bolero application over the internet.

**Q.** What is enrolment and who should enrol?

**A.** Security and identity verification are very important elements of any electronic system and more so where valuable original documents are being created and transferred. Enrolment performs two essential functions:

- a) It provides you with the Certificate that is used to sign Bolero messages, and
- b) Confirms that you agree to be bound to the terms of the Rulebook, the contractual structure that makes eBLs work.

The contracting carrier (usually the headowner) needs to enrol.

**Q.** Where can I find out more?

**A.** Please contact Danny Ho (danny.ho@bolero.net) in Hong Kong or Paul Mallon (paul.mallon@bolero.net) in London.