



ADGM and ITFA partner to boost the impact of #tradetech

By **André Casterman**, Chair Fintech Committee, ITFA and Member of ICC UK Legal Reforms Steering Group

Some jurisdictions are taking the lead to promptly adapt regulations to the digital transformation of commerce and finance. This has been the approach taken by Abu Dhabi Global Market (ADGM) which collaborated with ITFA in 2020 to integrate negotiable instruments into the scope of their new Electronic Transactions Regulations 2021.

Sean Edwards, Chair, ITFA explains:

"We have worked alongside ADGM to promote the support of electronic negotiable instruments by giving valuable inputs into the new [Electronic Transactions Regulations 2021](#). We will now explore further with them the commercialisation of specific instruments such as electronic bills of exchange and promissory notes."

Regulators hold the key to boost adoption of digital trade solutions. This is widely applicable in the areas of electronic signatures, electronic transferrable records, tokenisation and the use of cloud computing. Recent technologies such as DLT and digital assets are increasingly being integrated into law across financial markets and jurisdictions which demonstrates strong alignment between the private and public sector.

"Currently, 2 out of the 3 jurisdictions that have enacted the MLETR are from the Gulf: an excellent springboard for a deep digital trade dive in the MENA region."

Luca Castellani, Legal officer, UNCITRAL

On 28 February 2021, ADGM enacted its **Electronic Transactions Regulations 2021** which confirmed that electronic signatures, contracts, records, and documents are as legally enforceable in ADGM as the traditional non-electronic (physical, that is) versions. ADGM relied on the United Nations Commission on International Trade Law (UNCITRAL) Model Laws for this purpose, and became the 3rd jurisdiction globally to enact a legislation that allows the use of transferable documents and instruments, such as promissory notes and cheques, in electronic form.

Dhafer Bin Dhafer Al Mheiri, CEO of the ADGM Registration Authority, said:

"ADGM is proud to introduce such an innovative legislation that will facilitate a strong framework for e-Commerce and electronic dealings within the ADGM community, in line with the highest global standards and best practice. The new Electronic Transactions Regulations 2021 demonstrate ADGM's continued commitment to build a strong and sustainable International Financial Centre that promotes the business growth of, and certainty for, our stakeholders in today's digital economy."

Following this successful experience, both institutions pursued talks and defined a broader engagement leading to the signing of a partnership on digital trade transformation. The objectives of this new relationship have been defined as follows:

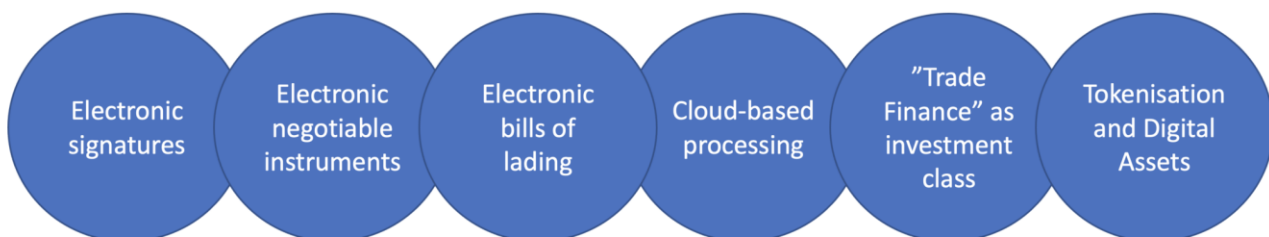
- Supporting the evolution of trade finance through digitisation of trade instruments;
- Supporting the development of alternate modes of financing trade and mitigating risk, distribution and working capital management;



- Supporting the application of FinTech in the areas of global trade, forfaiting, supply chain and receivables financing;
- Participating in educational activities, exchanging and providing domain knowledge and expertise on the above matters;
- Collaborating and participating in each party's roundtables, webinars, conferences and other events.

The areas of cooperation include, but are not limited to, those defined by ITFA as part of the TERA regulatory advocacy task force which aims to promote the integration of digital options such as the use of e-signatures, e-originals, cloud computing, automated trade distribution, DLT, tokenisation and digital assets, into existing regulations.

Policy decisions need to evolve to ease the short-term roll-out of available technology solutions
in the following trade-related areas

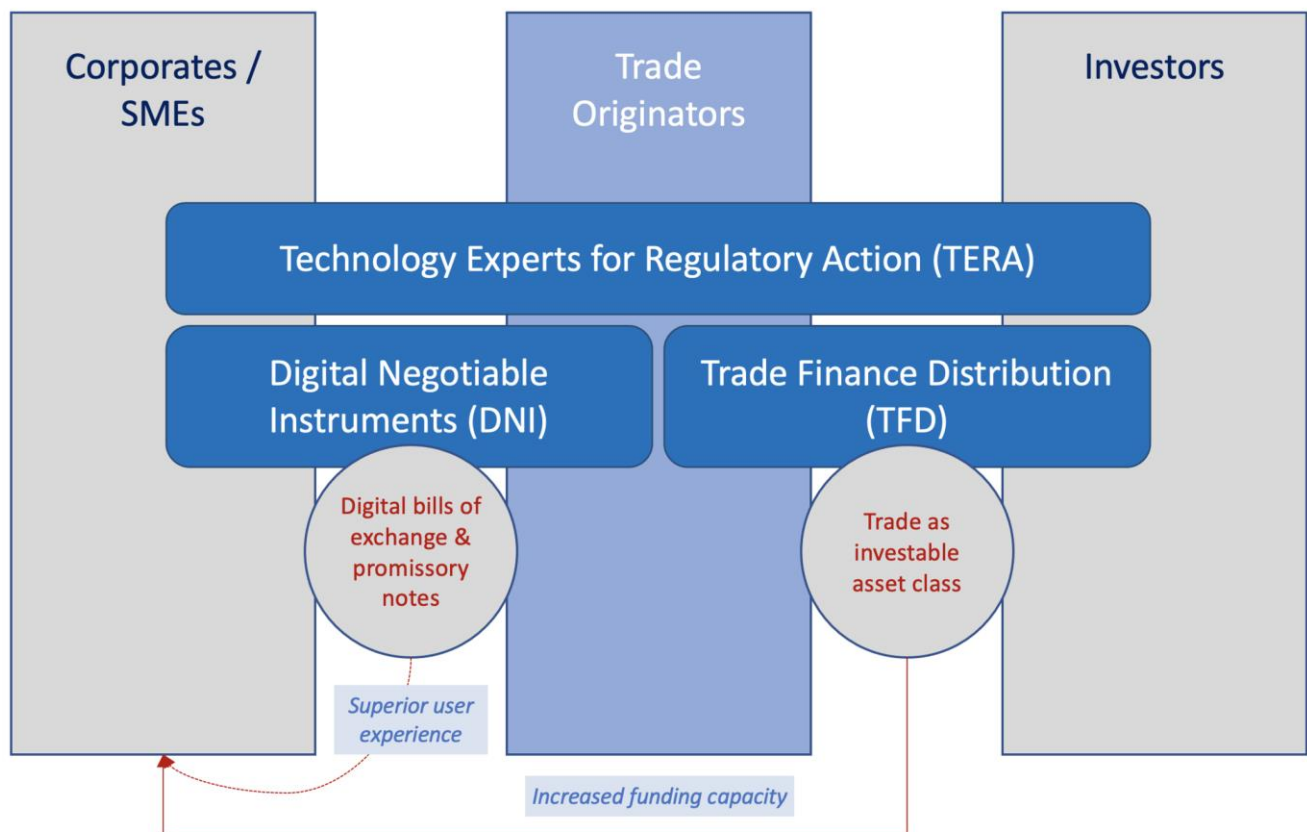


The ITFA Technology Experts for Regulatory Action (TERA) task force provides pragmatic technology-centric guidance to the ITFA member banks, and their authorities, to assess the need for adapting trade-related policies so their local market benefits more from available technologies.

The ADGM-ITFA partnership will benefit from the ITFA Fintech Committee's initiatives which share a common objective to increase MSME financing. Both industry initiatives address two market-level ambitions: digitising negotiable instruments in the corporate-to-bank space ([DNI Initiative](#)), and attracting institutional funding to the distribution space ([TFD Initiative](#)).

Naura Hussain, UBL and Chair of ITFA Middle East Regional Committee said:

"This partnership is a perfect combination of global influence and expertise with local ambition and policy making. The ITFA Middle East committee is keen to support the regional community in those market developments."



Rahul Daswani, Microsoft and member of ITFA Fintech Committee concluded:

"This partnership is a catalyst for us to leapfrog ahead to the next generation of trade finance solutions and thus I am expecting much more exciting announcements from this team."

Watch the recent webinar

Replay the joint [ITFA - ADGM webinar](#) (YouTube link) of April 7th 2021.