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# Bills of Lading

Understanding Types and Workflows  
**for the transition to eBLs**

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## GLOSSARY

<b>BL, B/L, BoL, BOL</b>	Bill of Lading
<b>eBL</b>	Electronic Bill of Lading
<b>HBL</b>	House Bill of Lading
<b>MBL</b>	Master Bill of Lading
<b>NVOCC</b>	Non-Vessel Operating Common Carrier

## I. INTRODUCTION

Bills of Lading (BLs) have been at the core of international trade for centuries and are the most important documents used when shipping goods.

Recently, there has been a historic breakthrough in the digitalization of trade documents. Leading carriers have committed to the 100 percent adoption of electronic bills of lading (eBLs) based on DCSA standards by 2030. This milestone follows the launch of the legal framework provided by the United Nations Commission on International Trade Law (UNCITRAL) Model Law on Electronic Transferable Records (MLETR) and the concept UK Electronic Trade Documents Bill, which will legally recognize digital trade documentation as equivalent to paper by mid-2023.

But moving from traditional paper bills of lading to electronic ones is not as simple as it looks. That’s because a bill of lading is an acknowledgment by the carrier that it has received goods for shipment. It also contains an agreement to transport these goods to the consignee at a specified destination. It also serves as a statement about the nature, quality, and quantity of the goods. In other words, it is a legal document that ensures integrity along the supply chain and is crucial for streamlining international trade.

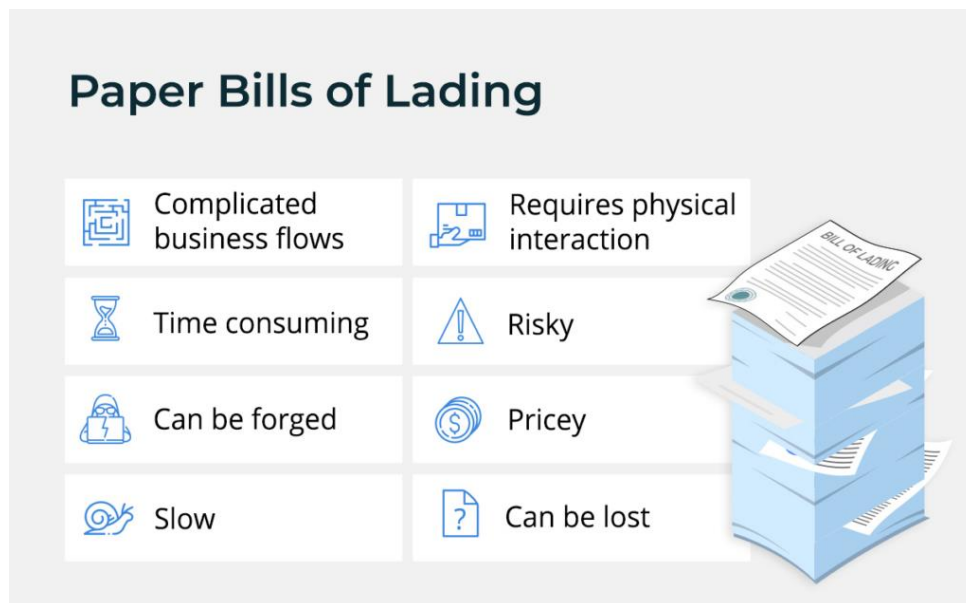


Figure 1 - The disadvantages of paper Bills of Lading

To understand how the digital shift should take place to be effective, an understanding of BL types and workflows is necessary. Only by mimicking (and improving) the current trusted flow of BLs will the global acceptance of electronic trade documents for international trade be ensured. However, for this shift to reach its full potential, the eBL platform used must preserve the integrity and trust of the traditional paper-based process.

In this white paper, we will explain the different types and workflows of bills of lading to provide insight in the intricacies of transitioning into electronic Bills of Lading and related trade documents.

## II. DEFINITION OF A BILL OF LADING

A Bill of Lading is a document **issued by a carrier to a shipper** (or their agent) that acknowledges the receipt of cargo for shipment. It ensures the rights and liabilities of each party (carrier, shipper, and consignee) in the process of delivering the goods to their destination.

A Bill of lading is a **document of title**, which is a written instrument that enables the transfer of ownership regarding the shipped goods. It details the goods being transferred and serves as the receipt from a carrier to a shipper in return for onboarding the goods. It also serves as contractual evidence of the terms and conditions under which the goods are transported. Bills of Lading (BLs) are therefore **legally binding documents between shippers and carriers** that are required by law and are admissible in a court of law.

A Bill of Lading gives its lawful holder the **legal title to the goods** that are listed in the BL. It describes in detail the type, quantity, and destination of the goods being carried. Cargo shipped via any form of seaway transportation **must** be accompanied by a Bill of Lading, together with complementary documentation. Each BL must include the **signature chain of every title holder** the shipment passes through on the way to the ultimate title holder (the buyer).

Figure 1 below illustrates a typical supply chain that a BL might pass through. In this example, the BL is being transferred from the carrier to the shipper, then to the shipper's bank, followed by the consignee's bank, and finally to the consignee. At each stage, transferring the ownership of the BL may require adding a **new signature**.

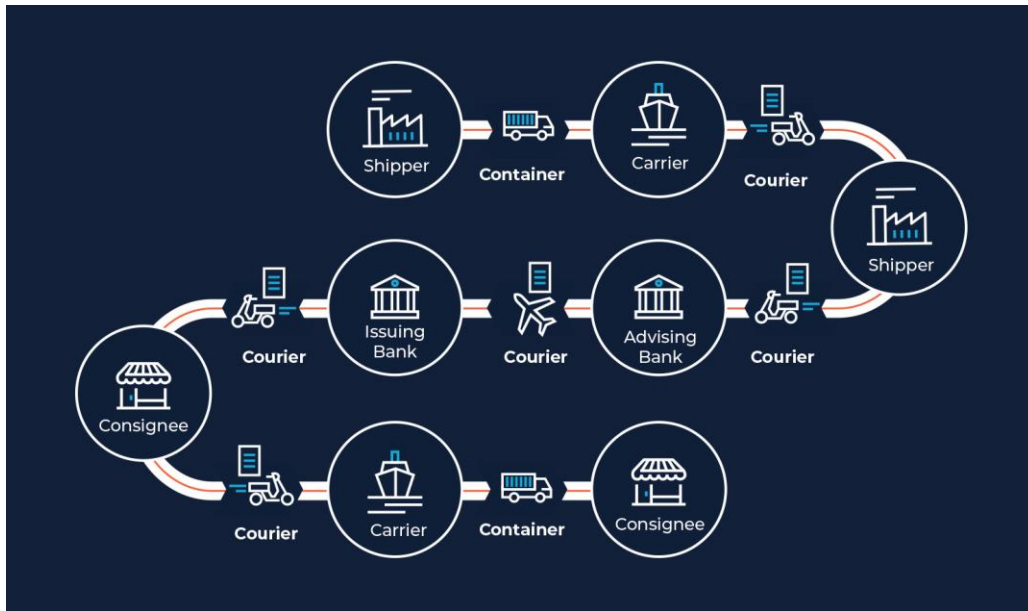


Figure 2 - Example of the movement of a BL along the supply chain

Over the years, companies have tried to find different shortcuts to mitigate the complexity of working with Bills of Lading, as illustrated above. For example, companies started using Sea Waybills and Telex Releases that require shorter processes.

### III. ALTERNATIVE SOLUTIONS

#### A. SEA WAYBILL

A Sea Waybill (SWB) is a **non-negotiable** Bill of Lading, which means that the buyer of the goods cannot transfer rights over the bill to anyone else. Therefore, a Sea Waybill is in some jurisdictions not considered to be a document of title and therefore can be sent by email.

The shipper requests a named consignee to be listed on the document and from that moment, the Sea Waybill can only be canceled and replaced by the shipper if the goods have not yet been claimed by the consignee. With Sea Waybills, goods are delivered and can be released by the document consignee quickly and easily without presenting the Sea Waybill in its original paper form.

Sea Waybills are **not** legally considered unique, so the transfer possession of the Sea Waybill cannot be done by email. The consignee named on the Sea Waybill is not required to actually present it to the carrier in order to release the cargo.

## **B. TELEEX RELEASES**

Telex Releases are electronic internal messages from a carrier's representative at the port of origin to its representative at the port of destination. They contain instructions to release cargo to a buyer and bypass the need of physically transferring a Bill of Lading to the hands of the buyer. Once a BL is issued by the carrier to a shipper, in some trade flows, the shipper does not send the BL to the consignee, and instead waits for the consignee to perform the payment. Following payment, the shipper surrenders the Bill of Lading to the carrier at the port of origin, with a request to the carrier to send a Telex Release to its representatives at the port of destination with an instruction to release the cargo to the consignee.

# **IV. TYPES OF BILLS OF LADING**

## **A. OCEAN BILL OF LADING**

An Ocean Bill of Lading is any type of BL that applies to the transportation of goods overseas across international waters. Like any other BL, it specifies the nature of the shipment, including what and how much is being transported and where the goods will be shipped to and from.

## B. MASTER BILL OF LADING & HOUSE BILL OF LADING

A Master Bill of Lading is issued by carriers. The carrier which sold the cargo space to the freight forwarder or NVOCC issues them a **Master Bill of Lading**, which summarizes the shipment contract between them. Then the freight forwarder or NVOCC issues **House Bills of Lading** to each of its customers.

A House Bill of Lading is issued by freight forwarders or NVOCCs (Non-Vessel Operating Common Carriers). House Bills of Lading are used when the shipping process involves freight forwarders or NVOCCs. In this process, a freight forwarder or NVOCC buys cargo space from a carrier, divides that space, and resells it to individual shippers. These HBLs include the details of the specific agreement by which the goods will be transported. When the shipment arrives at the port of destination, each consignee (buyer) surrenders its HBL to the freight forwarder or NVOCC, which in turn surrenders its MBL to the carrier.

For other types and alternatives, please refer to Appendix I.

## V. ELECTRONIC BILL OF LADING

An electronic Bill of Lading (eBL) is an electronic version of the paper Bill of Lading with the same functionalities and legalities of the latter. Issuing and transferring eBLs requires a platform that not only mimics the traditional workflows, but also enriches it. In other words, there is more at stake than just digitizing trade documents.

That's why the WaveBL platform is designed to mimic and enrich the age-old and trusted process using proprietary blockchain technology. The digital platform replaces the classic BLs, including all their legal characteristics and roles. It electronically transfer eBLs and related trade documents safely along the supply chain while complying with universal processes and regulations.

## VI. SUMMARY

International trade is complex and requires a high level of understanding of trade-related documents and regulations. Since trade documentation is a paper-intensive and resource-consuming process, we see a



rising trend in going digital. This digitalization trend in the shipping industry is gaining ground, underpinned by the commitment of leading ocean carriers to the 100 percent adoption of electronic Bills of Lading (eBLs) by 2030.

But moving from traditional paper bills of lading to electronic ones is not as simple as it looks. WaveBL understood from the beginning that there is more at stake than just digitizing trade documents and built its platform on with trust and security in mind. It is designed to mimic and enhance the age-old and trusted process using proprietary blockchain technology. The digital platform replaces the classic BLs, including all their legal characteristics and roles, with eBLs. It electronically transfers eBLs and related trade documents safely along the supply chain while complying with universal processes and regulations.

## VII. ABOUT WAVEBL

WaveBL is a blockchain-based digital platform that facilitates the traditional process of transferring original paper documents electronically. The proprietary solution enables instant, encrypted, and authenticated transfer of trade documents and other unique digital documents. WaveBL's platform is designed to meet the needs of all parties involved in trade, from major market players, such as carriers and shipping companies, to agents, brokers, and banks.

[www.wavebl.com](http://www.wavebl.com)

## APPENDIX I - DEFINITIONS

<b>Title</b>	The right to ownership of the delivered goods. The holder of the title to a BL is the party to whom the goods must be delivered (the consignee).
<b>Document of Title</b>	A document that specifies the ownership of the goods.
<b>A Negotiable Document of Title</b>	A signed document promising a fixed amount of money or value to a specified party or to its bearer. Negotiable documents can be further endorsed by the specified party, meaning that they can effectively be used as funds, cash or collateral.
<b>A Non-Negotiable Document of Title</b>	A document that can only be used by its named parties and cannot be further endorsed to a new party.
<b>Possession</b>	
<b>Original Document</b>	A document that was created directly and personally by a particular entity. When talking about Bills of Lading, the meaning is a BL issued by a carrier, freight forwarder or NVOCC.
<b>Straight Bills of Lading</b>	Issued as an original document, it is similar to a Sea Waybill, it is not negotiable. To collect cargo, the buyer (consignee) presents the Straight BL to the carrier.
<b>Order Bill of Lading (unknown consignee)</b>	This Order Bill of Lading does not list the name of a particular consignee in the consignee field, but instead lists "To order" or the name(s) of the shipper itself.
<b>Order Bill of Lading (known consignee)</b>	This Order Bill of Lading is made out to the "order or assigns" of a named consignee. It is negotiable, allowing the named consignee to order the goods to be delivered to somebody else (i.e. to sell the cargo to a new owner).
<b>Bearer Bill of Lading</b>	A Bearer Bill of Lading is used when the parties do not want to expose the identity of the cargo buyer. It states that delivery will be made to whomever presents the bearer bill of lading.
<b>Shipped Bills of Lading</b>	Also known as an On-Board Bill, a Shipped Bills of Lading is issued by the carrier at the time the goods are loaded on the carrying vessel. It records the receipt of the goods from the carrier to the shipper and the time of loading.

<b>Received for Shipment / Carriage Bills of Lading</b>	A Received for Shipment BL is issued by the carrier to the shipper at the time the goods are received by the carrier, but before these are loaded on the vessel.
<b>Charter Party Bills of Lading</b>	At times, a vessel can be hired by a third party, which is called a charterer.
<b>Master Charter Bills of Lading</b>	This BL is issued by the charterer to the owner and charterer of the vessel to promise the transport of the listed cargo between the specified ports within a specified period.
<b>House Charter Bills of Lading</b>	This BL is issued by the charterer rather than the vessel's owner and held by the charterer, who then issues House Charter BLs to each of the shippers whose cargo it will transport.
<b>Liner Bills</b>	A liner Bill of Lading is issued by a particular shipping line that offers scheduled service between two specific ports.
<b>Owner's Bills of Lading</b>	An Owner's Bill of Lading is issued by the owner of a vessel even though the vessel might be chartered.
<b>Switch Bills of Lading</b>	A Switch Bill of Lading is issued as a replacement for the original BL by the carrier in exchange for the original at the titleholder's request.
<b>Claused Bills of Lading (Dirty Bill of Lading, Foul Bill of Lading)</b>	A Claused Bill of Lading is issued when the cargo being loaded is flawed in some way, e.g. in terms of condition, quantity or weight. The carrier issues a Bill of Lading with an additional clause stating that the flaw originated with the shipper and not the carrier.
<b>Clean Bills of Lading</b>	A Clean Bill of Lading is issued when the goods loaded are in apparent good order and condition, at least with respect to their outer packaging.
<b>Combined Transport Bills of Lading</b>	A Combined Transport Bill of Lading covers the transport of goods by more than one mode of transport, e.g., when the main part of the transport will be overseas, another part will be inland.
<b>Through Bills of Lading</b>	A Through Bill of Lading is similar to a Combined BL, except that the inland carrier acts as the principal for the inland stages of transportation, and the sea carrier acts only as an agent in arranging for the inland stages.