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**Item No. 10 on the agenda: Implementation status and promotion strategy for
UNIDROIT instruments**

(b) UNIDROIT Model Law on Factoring and Guide to Enactment

(prepared by the Secretariat)

<i>Summary</i>	<i>Report on implementation of the UNIDROIT Model Law on Factoring and its Guide to Enactment</i>
<i>Action to be taken</i>	<i>The Governing Council is invited to (i) note finalisation and plans to launch the UNIDROIT Model Law on Factoring Guide to Enactment, (ii) note the progress made in 2025 in executing the Implementation Strategy for the UNIDROIT Model Law on Factoring, and (iii) note the future implementation activities proposed for 2026.</i>
<i>Mandate</i>	<i>Work Programme 2026 - 2028</i>
<i>Priority Level</i>	<i>High</i>
<i>Related Documents</i>	<u>UNIDROIT 2023 – C.D. (102) Misc. 2</u> ; <u>UNIDROIT 2023 – C.D. (102) 5</u> ; <u>UNIDROIT 2025 – C.D. (105) 7</u>

I. INTRODUCTION

1. The purpose of this document is to update the Governing Council on (i) the finalisation of the UNIDROIT Model Law on Factoring Guide to Enactment, (ii) the execution of the implementation strategy for the UNIDROIT Model Law on Factoring over the past 12 months, and (iii) the Secretariat's proposed future implementation activities for the Model Law.

II. BACKGROUND

2. The UNIDROIT Model Law on Factoring (MLF) comprises a set of black-letter rules that provide a complete legal framework designed to facilitate factoring and receivables finance. The MLF was adopted by the UNIDROIT Governing Council at its 102nd session (Rome, 10-12 May 2023) and initially published in English and French in September 2023. Following the Governing Council's decision at its

103rd session (Rome, 8 – 10 May 2024) to amend the MLF to correct technical errors in its transition rules, the official English and French versions of the MLF were republished in August 2024.¹

3. On adopting the MLF at its 102nd session, the Governing Council also mandated that the Secretariat design and execute a promotion and implementation campaign of the MLF,² based on the four-part implementation strategy presented to the Council: (i) position the MLF as a core instrument that facilitates trade finance, access to credit and economic development, (ii) raise awareness of the MLF at relevant fora, (iii) support domestic implementation of the MLF, and (iv) ensure that the MLF is broadly accessible.³

4. At its 102nd session (Rome, May 2023), the UNIDROIT Governing Council also requested that the Model Law on Factoring Working Group begin work on the UNIDROIT Model Law on Factoring Guide to Enactment.⁴ The Guide to Enactment was negotiated over three sessions between January 2024 and April 2025⁵ and approved by the Governing Council at its 105th session (Rome, May 2025).

III. FINALISATION AND LAUNCH OF THE GUIDE TO ENACTMENT

5. The Guide to Enactment was developed by a Working Group composed of the same experts and observing intergovernmental organisations that developed the MLF, under the continued chairmanship of UNIDROIT Governing Council Member *ad honorem* Professor Henry Gabriel. The purpose of the Guide is to assist States in understanding, implementing, and interpreting the provisions of the UNIDROIT Model Law on Factoring. The Guide seeks to explain the purpose of the Model Law and the operation of the provisions, including detailed technical explanations where implementation of the Model Law to the domestic legislation can have a higher degree of complexity. The primary audience for the Guide is government officials or legislative bodies in States considering implementing the MLF.

6. The Guide contains two innovative features that are expected to be particularly useful in assisting States in correctly implementing the MLF:

- (i) **Policy objectives, key features and common challenges:** Part I of the MLF sets out the MLF's five policy objectives and provides seven key features that achieve the policy objectives.⁶ The identification of policy objectives and key features is designed

¹ The official versions of the Model Law on Factoring are available on a dedicated webpage on the UNIDROIT website: <https://www.unidroit.org/instruments/factoring/model-law-on-factoring/>.

² See Governing Council 102nd session Summary Conclusions, UNIDROIT 2023 C.D. (102) Misc. 2, available <https://www.unidroit.org/wp-content/uploads/2023/06/C.D.-102-Misc.-2-Summary-Conclusions.pdf>, paragraph 6.

³ See Governing Council 102nd session document C.D. (102) 5 "Adoption of Draft UNIDROIT Instruments – Model Law on Factoring", available <https://www.unidroit.org/wp-content/uploads/2023/04/C.D.-102-5-Model-Law-on-Factoring.pdf>, paragraphs 27 – 28.

⁴ See Governing Council 102nd session Summary Conclusions, [UNIDROIT 2023 - C.D. \(102\) Misc. 2](#), paragraph 6.

⁵ The first full Working Group session was held as a hybrid meeting between 8 – 10 April 2024 at the UNIDROIT Headquarters in Rome and was attended by 36 participants. The Working Group's second session took place in hybrid format between 16 - 19 December 2024 at the UNIDROIT Headquarters and was attended by 34 participants. The Working Group's third session took place in hybrid format between 9 - 11 April 2025 in Beijing (China) with generous support from the Beijing Arbitration Commission and was attended by 34 participants.

⁶ The MLF's five policy objectives are (i) transparency, predictability and certainty, (ii) transactional efficiency, (iii) balanced rules for parties, (iv) flexibility in facilitating a variety of different financing arrangements, and (v) facilitation of cross-border transactions and international harmonisation. The MLF's seven key features are (i) application to both outright transfers and security transfers, (ii) clear scope in defining receivables, (iii) simple legal requirements for the transfer or grant of security in receivables, (iv) effectiveness of transfers of receivables notwithstanding agreements between the debtor and transferor limiting such transfers, (v) registration of a notice in order to achieve third party effectiveness and priority of a transfer, (vi) efficient enforcement and collection rules, and (vii) conflict of law rules based on the location of the debtor for third party effectiveness and priority.

to ensure States do not inadvertently leave out specific aspects of the MLF which would significantly undermine its effectiveness in facilitating factoring.

- (ii) **Digital economy supplement:** The Guide to Enactment contains a “Digital Economy Supplement”. The Digital Economy Supplement provides up-to-date information on how the MLF can be implemented alongside recent technological developments, with detailed guidance on digital assets, virtual currencies and electronic platforms and exchanges. Including the Digital Economy Supplement as a separate annexe allows it to be updated as needed to reflect changes in technology, without revising the Guide to Enactment itself. The Digital Economy Supplement is annexed to the digital version of the Guide and available on the UNIDROIT website.

7. Following the preliminary endorsement of the Guide to Enactment by the Governing Council at its 105th session (Rome, May 2025), over the last 12 months the Secretariat continued to work with the Working Group Chair and experts in refining the instrument. The English version is now being finalised and will be published on the UNIDROIT website in early June 2026.⁷ The French version is expected to follow later in 2026.

8. The Guide to Enactment will be formally launched by UNIDROIT in partnership with Factors Chain International (FCI), the global representative for factoring and financing of open account domestic and international trade receivables. This approach is consistent with the launch of the MLF, which was released during the FCI 2923 Annual Meeting in Marrakesh, Morocco.⁸ The Guide will be formally launched on 8 June 2026 at the FCI Annual Meeting in Lisbon, Portugal.⁹ The FCI Annual Meeting is one of the largest global meetings of the factoring community, typically attracting several hundred in-person attendees and over 500 attendees online. The Guide will be launched on the first day of the meeting during a special session involving the UNIDROIT Secretary-General and Dr Marek Dubovec of the International Law Institute and a member of the MLF Working Group.

9. Following its publication and launch, the Guide to Enactment will be incorporated into the ongoing implementation activities already underway in relation to the MLF (as set out below).

IV. IMPLEMENTATION OF THE MODEL LAW ON FACTORING

10. Since the Governing Council’s 105th session, the Secretariat has undertaken the activities detailed below, in execution of the four-part MLF implementation strategy. In summary, over the past 12 months, the MLF has been (i) presented at 11 events in eight States, (ii) used to support domestic law reform projects in eight countries (Azerbaijan, Georgia, Jordan, Malaysia, South Africa, Türkiye, Ukraine and Uzbekistan) and (iii) translated into one additional language.¹⁰

A. Awareness of the MLF at relevant fora

11. Since the Governing Council’s 105th session, the MLF has been promoted at the following eight external events:

- (a) On 24 June 2025, the MLF was presented to 26 African officials from 15 States at the UNIDROIT seat in Rome, as part of the UNIDROIT International Programme for Law and Development. The expert presentation was delivered by Dr Marek Dubovec

⁷ See <https://www.unidroit.org/work-in-progress/model-law-on-factoring-guide-to-enactment/>.

⁸ See <https://www.unidroit.org/launch-of-the-unidroit-model-law-on-factoring/>.

⁹ See https://fci.nl/en/event/58th-annual-meeting-lisbon?language_content_entity=en.

¹⁰ The Annexe contains a brief summary of all MLF implementation activities since the instrument’s adoption in May 2023.

(International Law Institute), with comments from the Secretariat delivered by Mr William Brydie-Watson.¹¹

- (b) On 7 August 2025, UNIDROIT participated remotely in an APEC Workshop on “Intellectual Property Finance: Barriers and Breakthroughs” in Incheon, Republic of Korea, organised by the Korean Intellectual Property Office (KIPO) and co-hosted by the APEC Intellectual Property Rights Experts Group (IPEG) and the APEC Business Advisory Council (ABAC) in collaboration with the Asia-Pacific Financial Forum (APFF). During the event, UNIDROIT Senior Legal Officer William Brydie-Watson presented the MLF as an instrument that provides an international legal framework that facilitates finance for receivables arising from the assignment or licencing of intellectual property.¹²
- (c) On 18 September 2026 the MLF was presented to over 100 participants from 18 countries during the 2025 UNIDROIT Asian Transnational Law Centre Summer School in Wuhan, China. The instrument was presented by Professor Megumi Hara (Chuo University and a member of the MLF Working Group).¹³
- (d) On 24 September 2026 the MLF was presented to 20 Governmental officials from nine countries from the Balkans, Eastern Partnership, Central Asia, and Caucasus (BEPAC) region as part of the UNIDROIT BEPCAC International Programme for Law and Development. The expert presentation was delivered by Professor Megumi Hara (Chuo University and MLF Working Group Member), comments from the Secretariat provided by Mr William Brydie-Watson.¹⁴
- (e) On 24 October 2025, UNIDROIT participated remotely in an international conference on “Unlocking Trade Finance: Factoring & Supply Chain Solutions for Central Asia” in Tashkent, Uzbekistan. Organised by the European Bank for Reconstruction and Development (EBRD), the EBRD Trade Facilitation Programme, and FCI, the event brought together banks, regulators, policymakers, corporates, SMEs and industry experts to explore macroeconomic trends, regulatory developments, and new market opportunities for supply chain finance. Mr William Brydie-Watson presented the key features of the MLF during an expert panel on Enabling the Implementation of Factoring Laws and Regulations.¹⁵
- (f) On 6 November 2025, the MLF was presented at the Intellectual Property Future Forum organised by the International IP Commercialization Council (IIPCC) in Shanghai, People’s Republic of China. Mr Brydie-Watson discussed how the MLF provides a legal framework that would allow SMEs to transfer receivables arising from the assignment or licence of IP.¹⁶
- (g) On 27 November 2025, the MLF was discussed at the 8th Conference on International Coordination of Secured Transactions Reform in Hong Kong, China. UNIDROIT Secretary-General Professor Ignacio Tirado provided an update on the implementation of the MLF during his opening panel review of UNIDROIT’s recent work in the field of access to credit. The MLF was raised several times throughout the

¹¹ See <https://www.unidroit.org/ipld/ipld-2025-africaplus/>.

¹² See <https://www.unidroit.org/unidroit-presents-the-model-law-on-factoring-at-apec-technical-event/>.

¹³ <https://www.unidroit.org/2025-unidroit-atlc-summer-school-opens-in-wuhan/>.

¹⁴ See <https://www.unidroit.org/ipld/ipld-2025-africaplus/>.

¹⁵ See <https://www.unidroit.org/unidroit-partners-with-ebrd-and-fci-to-promote-the-unidroit-model-law-on-factoring-in-central-asia/>.

¹⁶ See <https://www.unidroit.org/the-benefits-of-the-unidroit-model-law-on-factoring-in-facilitating-ip-finance-presented-in-shanghai/>.

conference, including by participants from the World Bank, EBRD and International Law Institute.¹⁷

- (h) On 10 February 2026, the MLF was presented during the EBRD – FCI Academy Webinar Series supported by the EBRD Trade Facilitation Programme. During a webinar on “Structuring Factoring Deals: Legal, Regulatory and Compliance Considerations”, Mr Brydie-Watson introduced the MLF as the international best practice instrument in the field, and explained how the MLF could be coordinated with regulatory reforms to create an environment conducive to factoring and trade finance.
- (i) On 9 March 2026, the MLF was presented to the New Zealand Chapter of the Banking and Financial Legal Services Association of Australia and New Zealand (BFSLA) in Auckland, New Zealand. Mr Brydie-Watson provided an overview of the MLF’s seven key features, and participants discussed how they compared to the New Zealand Personal Property Security Act. Similarly, on 18 March 2026 the MLF was presented to the Australian Chapter of the BFSLA in Sydney, Australia. Representatives from Australia and New Zealand’s top law firms and financial institutions attended the two events.
- (j) On 7 April 2026, the MLF was presented during an FCI Online Conference on “Supply Chain Finance and Factoring in Saudi Arabia: Driving Regional Growth”. During a panel on Regulatory and Legal Frameworks for Receivables Finance moderated by the International Law Institute, Mr William Brydie-Watson presented an overview of the development of the MLF and its key features.

B. Support domestic implementation of the MLF

12. In recent years, the Asian Development Bank (ADB), the EBRD, the ILI and the World Bank Group (WBG) have been involved in secured transactions and receivables finance reforms in developing countries and emerging markets. As UNIDROIT has limited capacity to directly undertake technical assistance programmes, the Institute has been working directly with these partner organisations to ensure that the MLF forms the basis of future receivables finance and factoring law reform projects across the globe.

13. UNIDROIT partner organisations have reported that in the last 12 months the MLF has been used to support domestic law reform projects in eight States, with new laws passed in two States:

14. States that have undertaken legal reforms influenced by the MLF

- (i) **Ukraine** (EBRD and ILI): A new factoring law was enacted in June 2025. The law was based on the MLF, as set out in the concept paper published by the National Bank of Ukraine. While aligned with the MLF, it contains some important deviations, such as the application to absolute assignments of receivables only.
- (ii) **Uzbekistan** (EBRD, WBG and ILI): The Civil Code was amended in 2025 to align the law with the MLF, including the registration requirements for all types of transfers of receivables (including both outright and security transfers), complete invalidity of an anti-assignment clause, and expanding the types of ‘factorable receivables’ to include those arising from the assignment of intellectual property rights.¹⁸

¹⁷ See <https://www.unidroit.org/37266/>.

¹⁸ The EBRD have reported that legal reform has been a powerful catalyst for market growth: Uzbekistan’s factoring volumes have grown tenfold (from approximately \$60 million in 2022 to \$600 million in 2025) driven largely by reform anticipation and proactive regulatory and private sector leadership.

15. States with ongoing law reform processes involving the MLF

- (i) **Azerbaijan** (WBG): Amendments to the Civil Code to facilitate factoring are being developed by the Central Bank. The amendments are based on the MLF. The reform process is underway, with interministerial coordination expected soon.
- (ii) **Georgia** (WBG, EBRD and ILI): A bill was developed and discussed with the local authorities, supported by the EBRD, the WBG and the IFC. It is broadly aligned with the MLF, but contains some notable deviations, such as the registration of assignments on an invoice-by-invoice basis. Discussions are ongoing.
- (iii) **Jordan** (EBRD and ILI): A bill was developed and discussed with local authorities between 2022 and 2024. The MLF is the benchmark for the reform. Discussions are ongoing.
- (iv) **Malaysia** (IFC): In 2024 Malaysia informed UNIDROIT that it was working to finalise a comprehensive secured transactions reform which included amendments to the country's receivables finance laws. Malaysian Government officials previously informed UNIDROIT that they were reviewing the draft legislation to determine whether it could be further refined before adoption to more closely align the legislation with the MLF. Discussions are ongoing.
- (v) **South Africa** (WBG): Factoring is currently governed by general contract and assignments (cession) law. Initial discussions have begun to modernise the framework to align with the MLF.
- (vi) **Türkiye**: The Turkish Association of Financial Institutions (FKB) is in consultations with the Turkish Government regarding proposed reforms to the Turkish law to further align it with the MLF. Consultations will continue in 2026, including concerning the development of draft legislation.

C. Ensure the MLF is broadly accessible

16. **Translation:** UNIDROIT has completed one additional translation (Spanish) and is currently working with experts and partner organisations for the translation of the MLF into three further languages:

- (i) **Spanish translation:** MLF Working Group Member Professor Alejandro Garro (Columbia Law School) has prepared a Spanish translation of the MLF. The draft translation was prepared in 2024, in consultation with a number of experts.¹⁹ The draft translation was then circulated to UNIDROIT's eight Spanish speaking Member States, four Spanish speaking Governing Council Members, as well as 30 UNIDROIT Correspondents and eight universities in 14 Spanish speaking countries. Throughout 2025 additional revisions were undertaken by Professor Garro and the Secretariat, with the publication of the translation on the UNIDROIT website in April 2026.
- (ii) **Arabic translation:** UNIDROIT is working with the IFC and several international experts to prepare an Arabic translation of the MLF. The IFC procured an expert consultant to prepare a first draft of the Arabic translation in 2024. The Arabic version remains under review, particularly in relation to consistency with the terminology used in the Arabic translation of the UNCITRAL Model Law on Secured Transactions.

¹⁹ Ms Elsa R. Ayala (Secretariat of Economy, Mexico), Prof. María del Pilar Bonilla (University Francisco Marroquí, Guatemala), Profs. Jorge Feliú Rey and Teresa Rodríguez de las Heras Ballell (University Carlos III of Madrid, Spain), Prof. David Morán Bovio and Prof. Rocío Pérez Vargas (University of Cadiz, Spain), Prof. Roberto Muguillo (National University of Buenos Aires, Argentina), Prof. Diana Talero (Instituto Iberoamericano de Derecho Concursal, Colombia), and Mr John Wilson (International Finance Corporation) reviewed the initial draft Spanish translation and provided comments.

- (iii) **Japanese translation:** MLF Working Group Member Professor Megumi Hara (Chuo University, Tokyo) has agreed to prepare a Japanese translation of the MLF. A stakeholder consultation on the draft Japanese translation will be held in Tokyo in 2026. It is expected that the Japanese translation will be published in 2027.
- (iv) **Turkish translation:** The Turkish Association of Financial Institutions (FKB) asked Ms Deniz Güngör (Managing Partner of Güngör Law Firm) to prepare a Turkish translation of the MLF. Following the stakeholder consultation event in Istanbul in November 2024, 10 experts provided comments on the draft translation.²⁰ The translation is being finalised and is expected to be published in 2026.

V. FUTURE ACTIVITIES

17. Alongside the development of the MLF Guide to Enactment, UNIDROIT will continue to execute the four-part implementation strategy for the MLF in 2026 and 2027. Specific proposed activities include:

- Finalisation and publication of the Arabic and Turkish Translations, translation of the MLF into Japanese and Russian.
- Continued engagement with regional stakeholders to promote the implementation of the MLF in Africa.
- Cooperation with Factors Chain International (FCI) to utilise the MLF to update the FCI legal study of factoring legal frameworks in 91 countries and to consider the development of a possible practitioner’s guide to the MLF (which would be developed, adopted and published by the private sector, with input and support from UNIDROIT).
- Continued cooperation with partner organisations to support the implementation of the MLF in various States.

VI. ACTION TO BE TAKEN

18. *The Governing Council is invited to (i) note finalisation and plans to launch the UNIDROIT Model Law on Factoring Guide to Enactment, (ii) note the progress made in 2025 in executing the Implementation Strategy for the UNIDROIT Model Law on Factoring, and (iii) note the future implementation activities proposed for 2026.*

²⁰ Prof. Dr. Ergun Özsunay, Prof. Dr. Orkun Akseli, Prof. Dr. Faruk Kerem Giray, Prof. Dr. Yusuf Çalışkan, Av. Şahin Kara, Filiz Ünal, A. Betül Kurtulus, Av. Ümit Hergüner, Dr. Zeynep Ülkü Kahveci, Can Özyurt reviewed the draft Turkish translation and provided comments.



ANNEXE

UNIDROIT MODEL LAW ON FACTORING - PAST IMPLEMENTATION ACTIVITIES

1. On adopting the MLF at its 102nd session the Governing Council also mandated that the Secretariat design and execute a promotion and implementation campaign of the MLF,¹ based on the four-part implementation strategy presented to the Council:²

- **Position the MLF as a core instrument that facilitates trade finance, access to credit and economic development.** UNIDROIT is working with partner organisations to promote the MLF as an instrument that achieves broad political, economic and social aims, rather than as a narrow technical instrument.
- **Raise awareness of the MLF at relevant fora.** UNIDROIT is working with partner organisations to ensure that the MLF is presented at relevant events, including private stakeholder, government and NGO fora.
- **Support domestic implementation of the MLF:** UNIDROIT is working with partner organisations that deliver technical assistance programmes to assist States to improve their domestic factoring, receivables finance and trade finance legal frameworks.
- **Ensure that the MLF is broadly accessible:** UNIDROIT is working to ensure that the MLF is accessible to the broadest possible audience by (i) disseminating both printed and electronic copies of the instrument to stakeholders, (ii) facilitating the translation of the MLF into additional languages, and (iii) maintaining an MLF webpage on the UNIDROIT website as a central repository of information.

2. Since the adoption and publication of the instrument, the Secretariat has undertaken the various activities in executing the four-part MLF implementation strategy. In summary, since its adoption and publication, the MLF has been (i) recognised in three prominent guidelines published by partner organisations, (ii) presented at 12 events in eight different States (Austria, Japan, Jordan, Morocco, North Macedonia, Türkiye, United Kingdom and the United States), (iii) used to support domestic legal reforms in three States, (iv) translated into two additional languages, and (v) disseminated broadly to relevant stakeholders.

A. Position the MLF as a core instrument that facilitates trade finance, access to credit and economic development

3. Through cooperation and coordination with stakeholders and partnering organisations, the importance of the MLF has been recognised in three prominent publications. The MLF was recognised as (i) one of the three key pillars of the “**Financial Inclusion in Trade Roadmap**” (April 2023) published by the World Trade Board,³ (ii) the new international standard for receivables finance

¹ See Governing Council 102nd session Summary Conclusions, UNIDROIT 2023 C.D. (102) Misc. 2, available <https://www.unidroit.org/wp-content/uploads/2023/06/C.D.-102-Misc.-2-Summary-Conclusions.pdf>, paragraph 6.

² See Governing Council 102nd session document C.D. (102) 5 “Adoption of Draft UNIDROIT Instruments – Model Law on Factoring”, available <https://www.unidroit.org/wp-content/uploads/2023/04/C.D.-102-5-Model-Law-on-Factoring.pdf>, paragraphs 27 – 28.

³ Launched in April 2023, “the Financial Inclusion in Trade Roadmap” (FIT) is a framework designed to increase the participation of micro, small and medium-sized enterprises (MSMEs) in international trade. The World Trade Board was established in 2016 with the purpose of improving living standards by connecting trade, finance

supporting MSME finance in the **New Finance Support Report** (May 2023) published by the European Bank for Reconstruction and Development (EBRD),⁴ and the international best practice private law framework for factoring in the **Factoring Regulation Knowledge Guide** (October 2023) published by the International Finance Corporation (IFC).⁵

B. Raise awareness of the MLF at relevant fora

2022

4. UNIDROIT presented at an APEC Secured Transactions Workshop on how the UNIDROIT Model Law on Factoring could support States in the Asia-Pacific region to implement legal reforms in order to improve access to credit (Tokyo, May 2022).

2023

5. UNIDROIT presented remotely on the MLF at the 9th European Factoring Summit (Vienna, March 2023).

6. The EBRD presented the MLF at the 23rd Receivables Finance International Convention (London, May 2023).⁶

7. UNIDROIT launched the English and French official texts of the MLF at the FCI Annual Conference (Marrakesh, October 2023).⁷

8. UNIDROIT presented at an EBRD workshop on how the MLF could support facilitating credit for SMEs and trade finance in North Africa (Marrakesh, October 2023).⁸

2024

9. UNIDROIT presented at an APEC UNIDROIT presented on how the MLF could be implemented alongside other international instruments during a panel at the sixth Conference on the International Coordination of Secured Transactions Reforms at the IFC Headquarters in the United States (Washington DC, January 2024).⁹

10. UNIDROIT participated remotely in a Central Bank of Jordan workshop on “Legal Perspectives in Factoring and Supply Chain Finance”, organised by the European Bank for Reconstruction and Development (EBRD)’s Legal Transition Team and Trade Facilitation Programme, in collaboration with

and technology. The FIT was developed as a collaborative project between the World Trade Board, the International Chamber of Commerce, the International Finance Corporation (IFC), the Bankers Association for Finance and Trade (BAFT), International Trade and Forfeiting Association (ITFA), and the and FCI. The FIT is available [here](#).

⁴ Published in May 2023, the MLF has been acknowledged in the EBRD’s New Finance Support report, which proposes a strategy to address liquidity and working capital issues currently affecting MSMEs in the EBRD’s area of operation. As part of this strategy, the report recognises the MLF as a new international legal standard for receivables finance which can support access to credit for MSMEs in countries that implement the Model Law. The New Finance Support Report is available [here](#).

⁵ Published in October 2023, the MLF plays a central role in the International Finance Corporation’s (IFC) Knowledge Guide on Factoring Regulation and Supervision. The Knowledge Guide emphasises the importance of countries implementing a factoring law including both regulatory elements and private law rules based on the MLF. The MLF is introduced as the international best practice private law framework for factoring in Part I of the Knowledge Guide, and Annex I provides a template structure of a factoring law, which incorporates regulatory rules alongside the private law rules contained in the MLF. The IFC Knowledge Guide is available [here](#).

⁶ <https://www.unidroit.org/fr/unidroit-participates-in-apec-workshop-on-secured-transactions-and-dispute-resolution-in-japan/>.

⁷ <https://www.unidroit.org/launch-of-the-unidroit-model-law-on-factoring/>.

⁸ <https://www.unidroit.org/unidroit-promotes-the-model-law-on-factoring-at-ebrd-supply-chain-finance-conference-in-north-africa/>.

⁹ <https://www.unidroit.org/unidroit-participates-in-the-sixth-secured-transactions-coordination-conference-in-washington-dc/>.

FCI and supported by the German Development Agency. UNIDROIT presented an overview of the MLF and the core provisions that Jordan could consider implementing as part of its ongoing law reform process (Amman, January 2024).¹⁰

11. UNIDROIT presented on how the MLF could support regional access to credit reforms in the Middle East at the seventh Conference on International Coordination of Secured Transactions Reforms in Istanbul, Türkiye. (Istanbul, November 2024).¹¹

12. UNIDROIT partnered with the Turkish Association of Financial Institutions (FKB) and the International Law Institute (ILI) to deliver an MLF stakeholder consultation event in Istanbul, Türkiye. The event was attended by 50 participants, including financing companies, legal professionals, government officials, and academics, and provided an opportunity to educate stakeholders on the MLF and discuss its translation into Turkish (Istanbul, November 2024).¹²

2025 (before the Governing Council's 105th session)

13. UNIDROIT presented on the relationship between the MLF and the UNCITRAL Model Law on Secured Transactions at an UNCITRAL Colloquium on “Navigating the New Era of Digital Finance” at the United Nations Headquarters (New York, February 2025).¹³

14. UNIDROIT participated in an international conference on Factoring and Supply Chain Finance in the Western Balkans organised by the EBRD, the EBRD Trade Facilitation Programme, and FCI. During the conference, which was attended by over 80 participants from Bulgaria, Greece, Kosovo, Montenegro, North Macedonia, and Serbia, Senior Legal Officer Mr William Brydie-Watson delivered an online presentation on “The role of the UNIDROIT Model Law on Factoring in facilitating factoring reform in the Western Balkans” (Skopje, April 2025).

15. UNIDROIT will present the MLF as an instrument that enables global trade by helping businesses acquire safe, secure and cheap finance at an International Chamber of Commerce Conference on “Optimising Supply Chain Finance” (London, May 2025).

C. Support domestic implementation of the MLF

19. In recent years, the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the International Law Institute (ILI) and the World Bank Group (WBG) have been involved in secured transactions and receivables finance reforms in developing countries and emerging markets. As UNIDROIT has limited capacity to directly undertake technical assistance programmes, the Institute has been working directly with these partner organisations to ensure that the MLF forms the basis of future receivables finance and factoring law reform projects across the globe.

20. UNIDROIT partner organisations have reported that the MLF has been used to support domestic law reform projects the following States:

- (i) **North Macedonia** (EBRD): In 2023, North Macedonia adopted amendments to Law on Financial Companies. Among other aspects, in alignment with the MLF and its Guide to Enactment, these amendments provide a definition of different types of

¹⁰ <https://www.unidroit.org/unidroit-provides-assistance-to-jordan-on-implementation-of-the-model-law-on-factoring/>.

¹¹ <https://www.unidroit.org/unidroit-co-organises-7th-international-coordination-of-secured-transactions-reform-conference/>.

¹² <https://www.unidroit.org/unidroit-participates-in-model-law-on-factoring-consultation-event-for-turkish-stakeholders/>.

¹³ <https://www.unidroit.org/unidroit-participates-in-uncitral-secured-transactions-colloquium-in-new-york/>.

factoring, including recourse, non-recourse and reverse factoring and explicitly allowing factoring agreements to be signed electronically.

- (ii) **United Arab Emirates** (World Bank and ILI): The UAE adopted a new factoring law in 2021, which then entered into force in 2022. The law is based on the MLF (which was still in draft form when the UAE law was adopted). ILI have reported that in 2024 they received feedback that the new law has already resulted in a significant increase in factoring volumes.
- (iii) **Viet Nam**: (World Bank): Viet Nam adopted a new Credit Institutions Law in 2024, which includes a new definition of factoring, eliminated restrictions on non-recourse factoring and authorised non-bank lending institutions to undertake factoring.

D. Ensure the MLF is broadly accessible

16. **Translations:** Aside from its two official languages (English and French), the Secretariat has authorised translations into several languages, one of which has been completed:

- i. **Chinese:** In November 2023, the Chinese translation of the MLF was published. The translation was prepared under the guidance of Professor Meiling Huang of the Zhongnan University of Economics and Law.¹⁴ The Chinese translation was launched at an international conference on “Unification of Factoring Law: Global and Chinese Perspectives” in Wuhan in November 2023.¹⁵ Following the publication of the revised MLF in August 2024, an updated version of the Chinese translation was published in April 2025 and presented at an international conference in China (Beijing, April 2025).

17. **Website:** Following its adoption, UNIDROIT launched a dedicated webpage for the MLF on the UNIDROIT website which can be found [here](#). It contains the official texts, other translations, information on the preparatory work undertaken on the MLF, information on the implementation of the instrument, and a brief bibliography. The webpage is a central repository of information on the MLF and is routinely updated.

18. **Dissemination:** Following the revision of the MLF in August 2024, electronic copies of the MLF were disseminated to all stakeholders. UNIDROIT printed 300 copies of the revised English and French versions and will continue to distribute the printed versions to interested governments, stakeholders involved in implementation projects and during events.

¹⁴ Ms Jun Xu (Vice Chair of Steering Committee at ICC Banking Commission), Dr Jing Zhang (Associate Professor of Zhongnan University of Economics and Law), Professor Yu Li (Shanghai University of Finance and Economics) and Mr Saibo Jin (Technical Adviser of the Banking Commission of ICC and Member of FCI Legal Committee) reviewed the draft Chinese translation and provided comments.

¹⁵ Further information on the MLF Chinese translation launch event is available here: <https://www.unidroit.org/unidroit-and-zuel-launch-the-chinese-translation-of-the-unidroit-model-law-on-factoring-in-wuhan/>.