

## My understanding (in your words)

You want our **contracts and T&Cs** (including Islamic-finance forms like **Mudarabah**) to:

1. **Designate our on-chain system as the “Source of Truth” (the Official Gate/System of Record) whenever local law permits**—so that control of the token/entry is the **required key** and an **auto-execute command** for changing rights.
2. **When law doesn’t permit that**, the contract should **still bind the parties** to a clear **modus operandi**:
  - exactly **how title/rights changes are evidenced, verified, and executed** (e.g., which registry must be updated, in what sequence, with what proofs),
  - the **evidence hierarchy** (on-chain record > signed VC > wet ink, etc.),
  - **obligations** to perform any off-chain filings/updates, with **specific performance remedies**,
  - the **access controls** (keys, oracles, audit trails), and
  - the **fallbacks** (what happens if the chain is down, oracle fails, or law conflicts).
3. Make all of the above **explicit, bilateral, and enforceable**, including **where governing information is stored, who can access it, how it’s used**, and **what prevails** in case of conflict—**without breaking mandatory public-registry rules**.
4. Ensure this approach **fits a Mudarabah**: reflect **roles (rabb al-māl / muḍārib)**, **profit-loss sharing, qabd/possession logic, evidence of ownership/agency, Shariah-compliant controls**, and a **Shariah evidence hierarchy**—while letting the **digital system** document, trigger, and audit operational events.

## My inference of your intent (mirror with teeth)

- You’re trying to **bridge the gap** between “what the law already allows” (e.g., ETDA/MLETR, QFC Digital Asset Regs, collateral registries) and “what we need operationally” by **contractually elevating our system** to the **Official Gate wherever that’s legally safe**, and making it the **contractual System of Record everywhere else**.
- You want **predictable enforceability** today—not hypothetical future reform—so counterparties **can’t later argue** that the “real” record was somewhere else, and

courts/arbitrators have a **clear evidence ladder** and **performance script** to follow.

- You also want to **avoid ‘tokenization theater’**: if the jurisdiction can’t make the token the asset, we still **lock in inter-partes enforceability** (obligation to update registries, escrowed signatures, specific performance, default remedies), so operationally the system **drives** the legal outcome rather than merely “mirroring” it.
- In Islamic-finance contexts, you want the **digital rail** to be the **administrative and evidentiary spine** of a Shariah-sound contract—**not** a replacement of mandatory registries—so **aqd validity**, **qabd**, **tamlik**, and **profit allocation** are unambiguous and **auditable**.

If that’s right, I can draft a modular **clause library** next (System-of-Record clause; Official-Gate election; Evidence & Finality ladder; Title-change protocol; Registry/filing covenant; Key-custody & control; Oracle & timestamp reliance; Dispute forum & on-chain evidence admissibility; Shariah annex for Mudarabah), each with **jurisdictional toggles** (e.g., “MLETR/ETDA on” vs “off”), plus **edge-case fallbacks** (forks, oracle failure, key loss).

Below is a **contract clause library** that you can append to **Official-Gate Tokenization Methodology v1.2** as **Section 16: Contractual Design to Implement the Official-Gate Test**. It is written so you (and local counsel) can assemble deal-ready documents that:

- **Elect our ledger as the System of Record** (and, where law permits, as the **Official Gate**).
- **Bind the parties** to a **title-change protocol** (including required off-chain filings).
- **Make on-chain state admissible and prevailing evidence** between the parties.
- Are usable in **common-law and civil-law** contexts and include an **Islamic-finance (Mudarabah) annex**.

**Important:** This is a **model clause set** for institutional counterparties. It is **not legal advice**. Local counsel must tailor for governing law, mandatory registry rules, and regulated activities.

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## 16) Contractual Design to Implement the Official-Gate Test (Clause Library)

How to use this library

1. Pick a **Method Schedule** (16.A) that matches the jurisdictional “first-match precedence” (Section 3):
  - M1 Statutory Register-of-Record
  - M2 Title/Land/Vehicle Registry Gate
  - M3 Electronic Transferable Record (MLETR/ETDA)
  - M4 Electronic Chattel Paper (UCC 9-105)
  - M5 Intermediated / TA-of-Record
  - M6 CER-Native (digital/data-native “control”)
  - M7 Movable-Collateral Registry (secured interest)
  - M8 Custody-Bound Immobilization
  - M9 SPV/Trust Wrapper
  - M10 Attestation-Only
2. Then add the **Core System-of-Record** clauses (16.B–16.G), the **Cash-leg & Atomicity** clause (16.H), **Forks/Oracles/Key loss** (16.I), **Perfection & Priority** covenants (16.J), and **Conflicts-of-Law** (16.K).
3. If the structure is **Mudarabah**, attach **16.L (Shariah Annex)**.
4. Finish with **Remedies, Representations, Governance & Dispute Resolution** (16.M–16.O).

Variables are in **[brackets]**. Optional language is **(in parentheses)**.

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## 16.A Method Schedule (deal-select one)

### Method M1 — Statutory Register-of-Record (DLT as official register)

*Use where a statute/regulatory rule makes the DLT ledger the official register (e.g., certain securities/registries).*

**M1.1 Official Gate Election.** The Parties acknowledge that, under [Statute/Rule: e.g., “X Electronic Securities Act §\_\_”], the **[Ledger/System Name]** operated by

[Operator] constitutes the **official register of record** for the **[Asset Class]**.

**M1.2 Required Key & Auto-Execute.** Transfers recorded on the **[Ledger]** by signatures from the **[Required Controllers/Keys]** are both (a) the **necessary credential** and (b) a **sufficient instruction** to effect changes of title/entitlement at the Official Gate.

**M1.3 Finality.** A transfer is final upon **[Finality Rule: e.g., block N confirmations / operator timestamp / settlement cycle close]**, and such finality constitutes legal effectiveness at the Official Gate.

## **Method M2 — Title/Land/Vehicle Registry Gate (public registry acts on token instruction)**

*Use where the public title registry (land/DMV/ships/aircraft) accepts token-triggered updates or an appointed on-chain operator.*

**M2.1 Gate Binding.** The Parties appoint **[Registry Agent]** as an on-chain/off-chain agent authorized to submit title changes to **[Public Registry]** upon **[On-Chain Event Definition]**.

**M2.2 Specific Performance.** The Transferor shall execute all **registry instruments** and **statements** necessary to reflect the on-chain transfer at **[Public Registry]** within **[X]** Business Days of **[On-Chain Event]**. Failure is subject to **[injunction/specific performance and liquidated damages of \$\_\_ /day]**.

**M2.3 Priority.** If the law requires **notation/filing** (e.g., liens), the Parties covenant to file within **[X]** Business Days. The Parties agree the **on-chain timestamp** governs precedence inter partes; registry priority follows applicable law.

## **Method M3 — Electronic Transferable Record (MLETR/ETDA)**

*Use where the jurisdiction recognizes electronic documents of title/negotiable instruments (e.g., ETDA 2023, MLETR law).*

**M3.1 Electronic Transferable Record.** The Parties agree that the **[On-Chain Record]** constitutes the **unique and identifiable** electronic transferable record for **[Document Type: bill of lading/warehouse receipt/promissory note]** compliant with **[MLETR/ETDA citation]**.

**M3.2 Control as Possession.** **Exclusive control** of the **[On-Chain Record]** by the **[Recognized Controller]** equates to legal **possession** of its paper analogue.

**M3.3 Singular Integrity.** The **[System Ruleset]** ensures singularity, integrity, and reliable auditability; any purported duplicate is **void**. Transfers recorded per **[Ruleset]** are legally effective endorsements/deliveries.

## **Method M4 — Electronic Chattel Paper (UCC 9-105 authoritative copy)**

*Use for US chattel paper with authoritative-copy control.*

**M4.1 Authoritative Copy.** The Parties designate the **[Repository/System]** as maintaining the **authoritative copy** of **[Chattel Paper]** as defined in **UCC 9-105**.

**M4.2 Control.** The **[Secured Party/Assignee]** has **control** when the system identifies it as the assignee, retains revisions, and prevents unauthorized changes;

control equals possession for perfection and priority.

**M4.3 Exclusivity.** Any paper or electronic duplicate is non-authoritative; perfection and priority follow **control**.

**Method M5 — Intermediated / TA-of-Record (transfer agent/CSD rulebook binds to token)**

*Use when the TA/CSD declares the token ledger the official share/unit register.*

**M5.1 TA-of-Record.** [Transfer Agent/CSD] maintains the **official register of holders** for [Instrument] and binds register mutations to [On-Chain Event + Key Policy].

**M5.2 Whitelists/Restrictions.** Transfers are subject to **eligibility rules** (KYC/AML, sanctions, ownership caps) embedded in the TA rulebook; such checks **do not** negate on-chain **auto-execute** once satisfied.

**M5.3 Error Correction.** The TA may correct clerical errors per rulebook, with corresponding **on-chain rectification** and audit trail.

**Method M6 — CER-Native Property (digital/data-native)**

*Use where law recognizes controllable electronic records/data objects as property.*

**M6.1 Control = Title.** Control (as defined under [Statute/Guidance]) of the [Digital/Data-Native Asset] constitutes the relevant property right. [On-Chain Event] changes title/entitlement.

**M6.2 Take-Free.** A **Qualifying Purchaser** (as defined by [Statute/Guidance]) takes free of competing claims except those perfected/noticeable under law.

**Method M7 — Movable-Collateral Registry (secured interest tokenization)**

*Use to tokenize the **security interest** (not the title) where the filing office can be driven by token events or must be covenanted.*

**M7.1 Filing Trigger.** On [On-Chain Event: grant/assign/release], [Registry Agent] shall **file/amend/terminate** the security interest at [MCR/Filing Office] within [X] Business Days (or automatically via API if available).

**M7.2 Priority.** Inter partes, **on-chain time** governs sequence; third-party **priority** follows filing/possession/control per [local secured transactions law].

**M7.3 Scope.** The token embodies the **secured interest** only; ownership/title stays with [Owner] unless transferred via applicable method above.

**Method M8 — Custody-Bound Immobilization (custodian executes on token command)**

*Use where a custodian contractually binds release/allocate to token control.*

**M8.1 Custody Binding.** [Custodian] shall **release/allocate** [Asset] exclusively on instructions signed by [Required Controllers] on [Ledger], subject to [eligibility checks].

**M8.2 Segregation.** Assets are held [in trust/bailee/segregated omnibus with identifiers]; records reconcile to the on-chain state daily.

### **Method M9 — SPV/Trust Wrapper (beneficial interest tokenization)**

*Use where tokenization cannot reach the Official Gate; token represents equity/beneficial interests.*

**M9.1 Beneficial Interest.** The token confers **beneficial/equitable** interests in **[SPV/Trust]**, which owns the **[Underlying]**.

**M9.2 Look-Through.** Distributions reflect on-chain balances as of **[Record Time]**. Legal title remains with **[Trustee/SPV]**; Manager covenants to effect off-chain transfers upon on-chain events.

### **Method M10 — Attestation-Only**

*Use only for proofs/PoR; never claim assetization.*

**M10.1 No Title Effect.** Tokens record **attestations** only; they do **not** convey title, possession, or a security interest. All ownership changes occur off-chain.

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## **16.B System of Record & Evidence Hierarchy**

**B.1 System of Record.** As between the Parties, the **[Ledger/System]** is the **authoritative system of record** for **[Asset/Right]**.

**B.2 Evidence Ladder.** In any dispute, the following evidence prevails in this order:

- (a) **On-Chain State** at **[Block/Finality Rule]** (including Merkle proof and node log attestation);
- (b) **Signed Off-Chain Messages** (e.g., MPC logs, HSM attestations) referenced on-chain;
- (c) **Registry Extracts / Operator Rulebooks**;
- (d) **Notarized Documents** and **Board/TA Certifications**.

**B.3 Admissibility & Authenticity.** The Parties **waive authenticity objections** to on-chain evidence properly proven under **[Rules of Evidence or statute]** and consent to its **admissibility**.

## **16.C Required Key & Auto-Execute**

**C.1 Control Policy.** Transfers require **[Threshold]-of-[N]** signatures from **[Controllers]** (MPC/multi-sig).

**C.2 Auto-Execution.** Upon **[On-Chain Event]**, **[Operator/Agent]** executes the defined change **without additional discretion**, save for **[eligibility / sanctions / AoA limits]**.

**C.3 Change Control.** Any changes to key policies or smart-contract code require **[dual approvals]** and **[X]-day notice**.

## **16.D Title-Change Protocol (Off-Chain Performance)**

**D.1 Filing Covenant.** Where law mandates **off-chain registry updates**, the **Obligor** shall complete them within **[X]** Business Days of **[On-Chain Event]**.

**D.2 Specific Performance & Escrowed Instruments.** **[Pre-signed instruments / e-mandates]** are escrowed with **[Neutral Agent]** for automatic submission if the Obligor fails to perform.

**D.3 Liquidated Damages.** Delay incurs **\$\_/day** (cap **\$\_**) plus costs; injunctive relief is available.

**D.4 Risk & Insurance.** Risk of loss passes per **[Incoterms/registry rule]**; Parties maintain **[Takaful/insurance]** until registry reflects transfer.

## **16.E Perfection, Priority & Take-Free**

**E.1 Perfection Path.** The Parties shall **perfect** interests via **[filing/possession/control/notation]** in **[Filing Office]**.

**E.2 Priority.** Inter partes, **on-chain timestamp** sets sequence; against third parties, **priority** is per **[local law]**.

**E.3 Negotiability / Take-Free.** Where applicable (**[MLETR/ETDA/UCC Article 12]**), a **Qualifying Purchaser** takes **free of adverse claims** except those preserved by law.

**E.4 Anti-Assignment.** Obligors warrant no **consent-to-assign** restrictions (or list them in **Schedule [ ]**); if present, route via **SPV** or obtain written consents.

## **16.F Insolvency & Segregation**

**F.1 Client-Asset Status.** **[Assets/Tokens]** are held **[on trust / as client assets / segregated]** and are **bankruptcy-remote** to the extent permitted by **[law]**.

**F.2 Custodian Failure.** On custodian insolvency, **[Receiver]** must recognize **[on-chain balances]** as client assets; Parties cooperate to transfer to a successor custodian.

## **16.G Data, Access & Audit**

**G.1 Access.** Each Party maintains at least **[2]** independent nodes; logs retained **[7 years]**.

**G.2 Privacy.** PII is kept **off-chain**; on-chain references use **pseudonymous identifiers** with revocation lists.

**G.3 Audit Rights.** **[Auditors/Regulators]** may review **[System Logs, smart-contract code, key ceremony minutes]** under NDA.

## **16.H Cash-Leg & Atomic Settlement**

**H.1 Settlement Assets.** Cash-leg shall occur in **[CBDC / tokenized deposits / bank RTGS]**; (stablecoins only if **[jurisdictional approval]**).

**H.2 Atomicity.** Transfers are conditioned as **DvP/PvP: Asset leg and Cash leg**

consummate **together or not at all**, via **[HTLC / synchronised escrow / unified ledger]**.

**H.3 Finality.** Payment finality is recognized when **[central bank/bank ledger]** posts irrevocably (or per **[operator rulebook]**).

## 16.I Oracles, Finality, Forks & Key Loss

**I.1 Oracles.** **[Designated Oracles]** provide **[price/identity/registry status]**. Primary/secondary feeds and quorum **[M-of-N]** apply; oracle misfeeds trigger **[pause/retry]**.

**I.2 Finality Rule.** The canonical chain is **[Chain]** with **[N confirmations / checkpoint regime]**. Reorgs beyond **[depth]** trigger **[reconciliation protocol]**.

**I.3 Key Loss/Compromise.** **[Recovery policy]** applies (MPC resharing, emergency revocation, court-ordered replacement, TA override if applicable).

## 16.J Change-of-Law & Method Downgrade

**J.1 Change-of-Law.** If law removes **[Method]** support, Parties will migrate to the next applicable **Method** in Section 3 and update schedules within **[X]** days.

**J.2 Downgrade Disclosure.** A downgrade to **SPV** or **Attestation-Only** must be disclosed to **[Counterparties/Investors]** with Score v2 recalculated.

## 16.K Conflicts-of-Law

**K.1 Triad Application.** The Parties apply: **lex registrii** (Official Gate), then **lex contractus** (this Agreement), then **lex situs/debtor location** for perfection/priority; **lex rei sitae** governs title in tangibles; **lex societatis/monetae** as relevant.

**K.2 Forum & Seat.** Disputes are resolved via **[ICC/LCIA/SIAC]** arbitration, seat **[City]**, language **[English]**. Interim relief permissible in courts of **[jurisdiction]**.

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## 16.L Shariah Annex — Mudarabah (Institutional Form)

**Purpose.** To align a **Mudarabah** investment with digital operations while preserving Shariah validity and auditability.

### Roles & capital

**L.1 Parties.** **Rabb al-māl (Investor)** provides capital; **Muḍārib (Manager)** deploys capital in **[Project/Assets]**.

**L.2 Capital & Qabd (Constructive Possession).** Capital is delivered via **[bank transfer/tokenized deposit]**; **qabd** is established when **[bank ledger finality / on-chain receipt]** occurs.



**L.3 Permissible Activities.** The Muḍārib shall conduct only **Shariah-permissible** activities; prohibited activities are listed in **Schedule L-A**.

#### **Ownership, records & evidence**

**L.4 System of Record.** As between Parties, **[Ledger]** is the administrative **System of Record** for units/rights in the Mudarabah; (where enforceable) it is the **Official Gate** per **[Method]**.

**L.5 Evidence Hierarchy (Shariah).** On-chain records and **[Shariah-compliant e-signatures]**, supported by **witness statements** and **operator attestations**, form the evidentiary basis (**bayyinah**).

**L.6 Asset Titling.** Where title registries apply, the Muḍārib (or Trustee) holds legal title **for the Mudarabah**; the Parties covenant to effect filings per **16.D** upon **[On-Chain Event]**.

#### **Agency & operations**

**L.7 Agency (Wakālah).** The Muḍārib is appointed agent to (i) interact with registries/custodians, (ii) submit filings, and (iii) operate keys per **C.1**.

**L.8 Profit & Loss.** Profits split **[x% Rabb al-māl / y% Muḍārib]**; losses (other than misconduct/negligence) borne by **Rabb al-māl** up to capital, consistent with Shariah. Profit calculation and distributions follow **[Accounting Policy/AAOIFI]** and **on-chain record date**.

#### **Controls & compliance**

**L.9 Shariah Governance.** The Parties appoint **[Shariah Board/Adviser]**; any Shariah non-compliance event triggers **rectification** and **purification** per **Schedule L-B**.

**L.10 Prohibited Riba/Gharar/Maysir.** No interest-bearing instruments; uncertainty is minimized via **Method** selection and evidence ladder; no speculative token dealing.

**L.11 Termination & Liquidation.** Upon dissolution, assets are sold/realized per **[jurisdiction's rules]**; proceeds distributed via **on-chain ratio** after settling liabilities.

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## **16.M Representations & Warranties (selected)**

**M.1 Title & Authority.** Transferor warrants **good title**, no undisclosed liens; both Parties have capacity and approvals to enter this Agreement.

**M.2 Compliance.** Activities comply with **[applicable digital asset/registry/secured-transactions laws]**, sanctions, AML/CFT, data protection.

**M.3 Consents.** All required **consents/approvals** (including anti-assignment

waivers) are listed in **Schedule [ ]** and obtained before closing.

**M.4 System Integrity.** [Operator] maintains **SLA**, uptime [ ]%, and security controls per [ISO 27001/SOC 2].

## 16.N Remedies

**N.1 Specific Performance.** Failure to file/perform off-chain steps triggers **specific performance** and **injunction**.

**N.2 Step-In Rights.** If an Obligor defaults, [Neutral Agent] may execute escrowed instruments and effect filings.

**N.3 Indemnity.** Each Party indemnifies the other for losses arising from its breach of **title warranties, filing obligations, sanctions, or data breaches**.

## 16.O Governance & Change Management

**O.1 Protocol Governance.** Any **protocol upgrade** or **parameter change** affecting finality, key policies, or oracles requires [**supermajority governance + notice**].

**O.2 Audit & Reporting.** Quarterly reports include **Score v2** breakdown, registry filings status, incident logs, and any **Method downgrade** notices.

**O.3 Term & Exit.** On termination, Parties migrate to [**successor Method**] or unwind per **16.D/16.H**; records are archived for [**X years**].

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## Quick assembly patterns (by jurisdictional capability)

- **Qatar (QFC Digital Assets + Movable Collateral Registry available):**  
Use **M1** (if QFC regime elected for the asset) + **B-I**, and **M7** for secured-interest overlays; add **D (filing covenant)** for any off-QFC registry that still must be updated.
- **Bahrain (MLETR enacted; unified collateral registry emerging):**  
For **goods/warehouse receipts/BOL** use **M3** with strong **E (take-free)**; for liens on machinery/vehicles, use **M7** with **D (filings)** until registry has API/auto-bind.
- **Malaysia (no MLETR; conventional registries):**  
Use **M9 (SPV/Trust)** with strict **D (specific performance)** and **E (perfection)**; if/when the MPSI registry launches, add **M7** covenants.
- **UK (ETDA in force; TA-of-Record possible):**  
For trade docs use **M3**; for fund units/securities where TA binds to chain use **M5**; for vehicles/land until registry binding exists, rely on **M2** (if an appointed operator is accepted) or **M9**.

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## Exhibits (include in your templates)

- **Exhibit 1: System Ruleset** (finality rule, key policy, oracle quorum, pause/recovery)
- **Exhibit 2: Title-Change Playbook** (per asset: required filings, forms, offices, deadlines, fees)
- **Exhibit 3: Perfection Matrix** (asset type × jurisdiction × method → filing/notation/control)
- **Exhibit 4: Score v2 Worksheet** (with ceilings and evidence references)
- **Exhibit 5: Shariah Governance Charter** (roles of Shariah adviser, audit cadence, rectification)

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## Why this works (tied to the Methodology)

- **A–D of the tree:** the clauses create or elect the **Official Gate** (where law allows) or bind the Parties to **perform off-chain updates** when law still controls the gate.
- **E (cash leg):** H enforces **DvP/PvP** and payment finality.
- **F (failure):** I + F cover **forks, key loss, insolvency, segregation**.
- **Score v2:** the clauses directly map to **Required key, Auto-execute, Control, Perfection/Priority, Take-free, Insolvency/Segregation, Conflicts-of-law, Registry quality**, and **Atomicity**—and require **disclosure/downgrade** if the method changes.

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If you want, I can turn this into a **fillable Master Tokenization Agreement (MTA)** with **conditionals** (toggle M1–M10) and **auto-generated schedules** from your jurisdictional “capabilities registry,” so Legal can assemble deal-ready packs in minutes.