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Exploratory work on decentralized autonomous organizations

Note by the Secretariat

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I. Introduction

1. At its fifty-second session, in 2019, the Commission noted that UNCITRAL played a central and coordinating role within the United Nations system in addressing legal issues related to the digital economy and digital trade and requested the secretariat to continue its exploratory work in that area with a view to formulating a proposal for possible future work (A/74/17, para. 211).
2. At its fifty-fifth session, in 2022, the Commission authorized the publication of the Taxonomy of legal issues related to the digital economy (the “Taxonomy”)¹ prepared by the secretariat (A/77/17, para. 165). Building on part five of the Taxonomy on distributed ledger systems, the Commission requested the secretariat to prepare a guidance document on legal issues relating to the use of distributed ledger systems in trade, within existing resources and in cooperation with other concerned organizations, as appropriate (A/77/17, paras. 22(f) and 169).
3. At its fifty-eighth session, in 2025, the Commission had before it a draft guidance document on legal issues relating to the use of distributed ledger systems in trade (A/CN.9/1222) and a note on legal issues relating to the use of decentralized autonomous organizations in trade (A/CN.9/1225). The latter described basic features of decentralized autonomous organizations (DAOs), the existing legal framework for DAOs and possible legal regimes for them. The Commission authorized the publication of the draft guidance document, with the incorporation of the descriptive elements of DAOs set out in A/CN.9/1225 (A/80/17, para. 161).²
4. At that session, the Commission also expressed broad support for conducting exploratory work on DAOs. It was indicated that such organizations were at the intersection of artificial intelligence, distributed ledger technology and company law, and that international dialogue was needed from an early stage of their use to promote global interoperability and avoid legal fragmentation. After discussion, the Commission requested the secretariat to carry out further exploratory work and to report back to the Commission (A/80/17, paras. 260-261).
5. This note provides a summary of the exploratory work carried out by the secretariat for the Commission’s consideration.³ It includes an update on the exploratory work (chapter II) and considerations on the way forward (chapter III).

II. Update on the exploratory work

6. The exploratory work on DAOs has thus far involved two main components: (a) review of existing laws; and (b) preparation of a possible model text. The following provides a short summary of both components. The full report is presented in document A/CN.9/1267 in English only for information purposes.

A. Existing laws on DAOs

7. First, a compilation and review of existing laws on DAOs was conducted. DAO-related domestic frameworks, as well as the Coalition of Automated Legal Applications (COALA) Model Law for DAOs (2021),⁴ were examined. Building on

¹ Available at <https://uncitral.un.org/sites/default/files/media-documents/uncitral/en/digitaleconomytaxonomy.pdf>.

² Consistent with that authorization, the Guide on legal issues relating to the use of distributed ledger technology in trade (the “Guide”) was published in e-book format. See <https://uncitral.un.org/sites/default/files/media-documents/EN/Texts/UNCITRAL/2516855e-ebook-accessible.pdf>. As of the distribution date of this note, the Guide is available in English and Arabic, but will be made available in all six United Nations languages in due course.

³ The secretariat carried out the work by engaging an expert consultant, Mariana de la Roche Wills, due to its limited capacity.

⁴ See <https://coala.global/wp-content/uploads/2022/03/DAO-Model-Law.pdf>; see also A/CN.9/1225, paras. 69-72 (regarding COALA and the COALA Model Law).

that examination, legal techniques through which DAO and DAO-like arrangements were accommodated within private law were considered, including their implications for the design of a potential model law on DAOs.⁵

8. The comparative analysis demonstrates that, to date, no jurisdiction has created DAOs as an entirely autonomous or ontologically sui generis category of legal person. Instead, DAOs are consistently accommodated within pre-existing private law forms, most commonly limited liability companies, foundations, or associations, or addressed indirectly through regulatory frameworks focused on technology or function. Legislative and regulatory innovation has therefore concentrated on adapting existing legal concepts, rather than redefining legal personality itself. The reviewed frameworks illustrate a range of domestic techniques, including functional and non-institutional models, corporate overlays, association-based regimes, and bespoke statutory forms that may incorporate public interest conditions or supervisory oversight.

9. Against that background, the comparative analysis identifies three broad techniques through which legal systems currently accommodate DAOs. While the use of existing legal forms without DAO-specific legislation and the deployment of technology- or function-focused legal and regulatory frameworks provide important contextual insight, the analysis shows that only DAO-specific statutory overlays on existing legal forms translate DAO-specific characteristics into a single, coherent private law framework. By contrast, subsumption under general organizational law leaves DAO-specific issues largely unarticulated, while technology- or function-focused frameworks rely on the interaction of multiple regulatory regimes rather than a unified set of private law principles.

10. On that basis, DAO-specific statutory overlays were analysed with detailed examination of the frameworks adopted in the Republic of the Marshall Islands, the State of Wyoming (United States of America), and the Emirate of Ras Al Khaimah (United Arab Emirates). These regimes illustrate how legislatures have addressed attribution, liability, governance, disclosure, and the legal relevance of on-chain activity through explicit statutory design choices. This was complemented by a review of the COALA Model Law, which offers a non-statutory, technology-neutral articulation of functional equivalence based on transparency and verifiability rather than formal registration.

11. Like other model laws prepared by the Commission, a model law on DAOs should not seek to replicate domestic regimes, but to coordinate cross-border legal effects by articulating minimum conditions under which acts and transactions attributable to a DAO, as an organizational unit, may be recognized, attributed, and relied upon in international trade and private law contexts. In this sense, a model law on DAOs would not function as a DAO-recognition mechanism but as a framework for stabilising cross-border legal expectations and preserving domestic legal autonomy.

B. A possible model law on DAOs

12. Building on the compilation and review of existing laws on DAOs and to facilitate consideration by the Commission, an outline of a possible model law on DAOs (the “Model Law”) is provided below.⁶

13. The Model Law could aim to facilitate cross-border recognition, legal certainty, and coordination of legal effects in international trade involving DAOs, while preserving the individual State’s autonomy over domestic organizational forms,

⁵ The full review, entitled *Legal Treatment of Decentralized Autonomous Organizations (DAOs): A Review of Existing National and Transnational Frameworks to Support UNCITRAL’s Exploratory Work in this Area*, is available in Annex I of [A/CN.9/1267](#).

⁶ An initial draft of a model law on DAOs is available in Annex II of [A/CN.9/1267](#).

formation procedures, and regulatory techniques. It could further aim to provide legal certainty and predictability to DAOs operating in international trade, without imposing registration or incorporation requirements on States. It could serve as an instrument through which States may modernize their domestic legal frameworks to accommodate decentralized organizational forms.

14. The Model Law could recognize that States may implement DAO recognition through diverse mechanisms including registration-based frameworks, association-based structures, functional equivalence approaches or hybrid models. The Model Law would aim to coordinate legal effects without harmonizing organizational structures or imposing uniform domestic requirements. It would be grounded in the principle of functional equivalence, identifying the essential functional elements that characterize a DAO. Where those elements are present, the Model Law could attribute cross-border legal effects to the DAO, leaving States free to determine how such conditions may be satisfied within their domestic legal systems.

15. The Model Law could consist of the following chapters:

- Chapter I (General provisions) could define core concepts, establish the scope of application, govern communications, address objections to known non-compliance, and encourage appropriate dispute resolution mechanisms;
- Chapter II (Conditions for recognition) could set out the functional criteria that must be satisfied for a DAO to produce legal effects, including requirements relating to constitutive documents, governance verifiability, and public accessibility of information;
- Chapter III (Internal organization) could affirm that internal governance, membership arrangements, and representation are determined by the DAO's own constitutive documents, subject only to minimum functional requirements;
- Chapter IV (Transparency and attribution) could address recordkeeping, attribution of acts to the DAO, and mechanisms for notice and service of process, ensuring that acts performed in accordance with governance arrangements are legally attributable to the DAO;
- Chapter V (Asset separation and liability) could establish separation of DAO assets from members' personal assets and a limited liability framework, subject to narrowly defined exceptions in cases of abuse or fraud;
- Chapter VI (Lifecycle events) could address amendment, restructuring, technical migration (including blockchain forks) and termination, with an emphasis on continuity and legal certainty;
- Chapter VII (Cross-border recognition) could provide rules on recognition in adopting States, conflict of laws, and narrowly circumscribed grounds for refusing recognition; and
- Chapter VIII (Final provisions) could clarify the law's relationship with other laws, principles of interpretation, and transitional arrangements.

16. The objective and possible outline of the Model Law would require further consideration as several key legal and policy choices arise, such as the scope of application, conditions for recognition, governance, attribution and liability, and cross-border recognition, including a public policy exception. While presented as a Model Law, the desirable form of the text would also need to be considered, including a legislative guide or guiding principles. The Commission may wish to take those elements into account in mandating further work.

III. Way forward

17. In light of the above, the Commission may wish to consider requesting the secretariat, within available resources, to continue conducting preparatory work on

DAOs and to report back to the Commission. Such work could involve a broader group of interested experts, one of the objectives being to ensure consistency with UNCITRAL texts, not only those on electronic commerce, but also other texts which may be relevant, such as the UNCITRAL Legislative Guide on Limited Liability Enterprises (2021).⁷ Such work could also include coordination with other interested international organizations, in particular the Hague Conference on Private International Law, with respect to private international law issues.

18. The Commission may also wish to invite interested jurisdictions with experience in regulating DAOs or a desire to regulate them to assess how a model text on DAOs could be implemented in their jurisdiction. Such “sandboxing” could be done with a view to the developments and experiences being shared with the Commission. It could support the review and further development of the model text, by enhancing understanding and assessment of how it operates in practical terms and enabling consideration of what improvements or other adjustments could be made.

⁷ Available at <https://uncitral.un.org/en/lglle>.