



ARBITRATION RULES

effective April 1st, 2006.

ARBITRATION CLAUSE

Any dispute, controversy or claim arising out of or relating to this contract, or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the Arbitration Rules as at present in force of the International Arbitration Association.

Note - Parties may wish to consider adding:

- (a) The IAA shall act as [an appointing body] / [a designating authority].
- (b) The number of arbitrators shall be [one] / [three].;
- (c) The place of arbitration shall be ... (town or country);
- (d) The language(s) to be used in the arbitral proceedings shall be ...

INTERNATIONAL ARBITRATION ASSOCIATION

ARBITRATION RULES

effective January 1st 2002.

Section I. Introductory rules

RULE 1 : SCOPE OF APPLICATION

1. Where the parties to a contract have agreed in writing that disputes in relation to that contract shall be referred to arbitration under the Arbitration Rules of the INTERNATIONAL ARBITRATION ASSOCIATION (the IAA), then such disputes shall be settled in accordance with these Rules subject to such modification as the parties may agree in writing.

2. These Rules shall govern the arbitration except that where any of these Rules is in conflict with a provision of the law applicable to the arbitration from which the parties cannot derogate, that provision shall prevail.

3. The International Arbitration Association may make such regulations as it shall deem necessary, to provide, for example, for the delegation of its powers as set out in these rules, a protocol of accepted means of communications (not least if electronic communications are to be used), and, a schedule of its fees.

4. If the parties have not previously agreed on whether the International Arbitration Association is to act as an appointing body or a designating authority, the IAA will in its discretion decide in which capacity it is to act. In making that decision the International Arbitration Association shall have regard to such considerations as are likely to secure an independent and impartial resolution of the differences between the parties, rendered within a timescale and budget commensurate with the nature and magnitude of the dispute. Rules 2

to 41 shall apply to appointments administered by the IAA. Rules 30 and 42 shall apply where the IAA acts as a designating authority.

RULE 2 : NOTICE, CALCULATION OF PERIODS OF TIME

1. For the purposes of these Rules, any notice, including a notification, communication or proposal, is deemed to have been received if it is physically delivered to the addressee or if it is delivered at his habitual residence, place of business or mailing address, or, if none of these can be found after making reasonable inquiry, then at the addressee's last-known residence or place of business. Notice shall be deemed to have been received on the day it is so delivered.

2. For the purposes of calculating a period of time under these Rules, such period shall begin to run on the day following the day when a notice, notification, communication or proposal is received. If the last day of such period is an official holiday or a non-business day at the residence or place of business of the addressee, the period is extended until the first business day which follows. Official holidays or non-business days occurring during the running of the period of time are included in calculating the period.

RULE 3 : NOTICE OF ARBITRATION

1. The party initiating recourse to arbitration (hereinafter called the "claimant") shall give to the other party (hereinafter called the "defendant") a notice of arbitration.

2. Arbitral proceedings shall be deemed to commence on the date on which the notice of arbitration is received by the defendant.

3. The notice of arbitration shall include the following:

- (a) A demand that the dispute be referred to arbitration;
- (b) The names and addresses of the parties;
- (c) A reference to the arbitration clause or the separate arbitration agreement that is invoked;

- (d) A reference to the contract out of or in relation to which the dispute arises;
- (e) The general nature of the claim and an indication of the amount involved, if any;
- (f) The relief or remedy sought;
- (g) A proposal as to the number of arbitrators (i.e. one or three), if the parties have not previously agreed thereon.

4. The notice of arbitration may also include:

- (a) The proposals for the appointments of a sole arbitrator;
- (b) The notification of the appointment of an arbitrator referred to in RULE 7;
- (c) The statement of claim referred to in RULE 18.

RULE 4 : REPRESENTATION AND ASSISTANCE

The parties may be represented or assisted by persons of their choice. The names and addresses of such persons must be communicated in writing to the other party; such communication must specify whether the appointment is being made for purposes of representation or assistance.

Section II. Composition of the arbitral tribunal

RULE 5 : NUMBER OF ARBITRATORS

If the parties have not previously agreed on the number of arbitrators (i.e. one or three), and if within fifteen days after the receipt by the defendant of the notice of arbitration the parties have not agreed on the number of arbitrators, the International Arbitration Association will, at the request of a party, determine the number of arbitrators.

RULES 6 to 8 : APPOINTMENT OF ARBITRATORS

RULE 6

1. If a sole arbitrator is to be appointed, either party may propose to the other the names of one or more persons, one of whom would serve as the sole arbitrator.

2. If within thirty days after receipt by a party of a proposal made in accordance with paragraph 1 the parties have not reached agreement on the choice of a sole arbitrator, the sole arbitrator shall be appointed by the International Arbitration Association.

3. The International Arbitration Association shall, at the request of one of the parties, appoint the sole arbitrator as promptly as possible. In making the appointment the International Arbitration Association shall use the following list-procedure, unless both parties agree that the list-procedure should not be used or unless the International

Arbitration Association determines in its discretion that the use of the list-procedure is not appropriate for the case:

- (a) At the request of one of the parties the IAA shall communicate to both parties an identical list containing at least three names;
- (b) Within fifteen days after the receipt of this list, each party may return the list to the IAA after having deleted the name or names to which he objects and numbered the remaining names on the list in the order of his preference;
- (c) After the expiration of the above period of time the IAA shall appoint the sole arbitrator from among the names approved on the lists returned to it and in accordance with the order of preference indicated by the parties;
- (d) If for any reason the appointment cannot be made according to this procedure, the IAA may exercise its discretion in appointing the sole arbitrator.

4. In making the appointment, the International Arbitration Association shall have regard to such considerations as are likely to secure the appointment of an independent and impartial arbitrator and shall take into account as well the advisability of appointing an arbitrator of a nationality other than the nationalities of the parties.

RULE 7

1. If three arbitrators are to be appointed, each party shall appoint one arbitrator. The two arbitrators thus appointed shall choose the third arbitrator who will act as the presiding arbitrator of the tribunal.

2. If within thirty days after the receipt of a party's notification of the appointment of an arbitrator the other party has not notified the first party of the arbitrator he has appointed the first party may request the International Arbitration Association to appoint the second arbitrator.

3. If within thirty days after the appointment of the second arbitrator the two arbitrators have not agreed on the choice of the presiding arbitrator, the presiding arbitrator shall be appointed by the International Arbitration Association in the same way as a sole arbitrator would be appointed under RULE 6.

RULE 8

1. When the International Arbitration Association is requested to appoint an arbitrator pursuant to RULE 6 or RULE 7, the party which makes the request shall send to the IAA a copy of the notice of arbitration, a copy of the contract out of or in relation to which the dispute has arisen and a copy of the arbitration agreement if it is not contained in the contract. The IAA may require from either party such information as it deems necessary to fulfil its function.

2. Where the names of one or more persons are proposed for appointment as arbitrators, their full names, addresses and nationalities shall be indicated, together with a description of their qualifications.

RULES 9 to 12 : CHALLENGE OF ARBITRATORS

RULE 9

A prospective arbitrator shall disclose to those who approach him in connexion with his possible appointment any circumstances likely to give rise to justifiable doubts as to his impartiality or independence. An arbitrator, once appointed or chosen, shall disclose such circumstances to the parties unless they have already been informed by him of these circumstances.

RULE 10

1. Any arbitrator may be challenged if circumstances exist that give rise to justifiable doubts as to the arbitrators impartiality or independence.

2. A party may challenge the arbitrator appointed by him only for reasons of which he becomes aware after the appointment has been made.

RULE 11

1. A party who intends to challenge an arbitrator shall send notice of his challenge within fifteen days after the appointment of the challenged arbitrator has been notified to the challenging party or within fifteen days after the circumstances mentioned in RULES 9 and 10 became known to that party.

2. The challenge shall be notified to the other party, to the arbitrator who is challenged and to the other members of the arbitral tribunal. The notification shall be in writing and shall state the reasons for the challenge.

3. When an arbitrator has been challenged by one party, the other party may agree to the challenge. The arbitrator may also, after the challenge, withdraw from his office. In neither case does this imply acceptance of the validity of the grounds for the challenge. In both cases the procedure provided in RULE 6 or 7 shall be used in full for the appointment of the substitute arbitrator, even if during the process of appointing the challenged arbitrator a party had failed to exercise his right to appoint or to participate in the appointment.

RULE 12

1. If the other party does not agree to the challenge and the challenged arbitrator does not withdraw, the decision on the challenge will be made by the International Arbitration Association.

2. If the International Arbitration Association sustains the challenge, a substitute arbitrator shall be appointed or chosen pursuant to the procedure applicable to the appointment or choice of an arbitrator as provided in RULES 6 to 9.

RULE 13 : REPLACEMENT OF ON ARBITRATOR

1. In the event of the death or resignation of an arbitrator during the course of the arbitral proceedings, a substitute arbitrator shall be appointed or chosen pursuant to the procedure provided for in RULES 6 to 9 that was applicable to the appointment or choice of the arbitrator being replaced.

2. In the event that an arbitrator fails to act or in the event of the *de jure* or *de facto* impossibility of his performing his functions, the procedure in respect of the challenge and replacement of an arbitrator as provided in the preceding RULES shall apply.

RULE 14 : REPETITION OF HEARINGS IN THE EVENT OF THE REPLACEMENT OF AN ARBITRATOR

If under RULES 11 to 13 the sole or presiding arbitrator is replaced, any hearings held previously shall be repeated; if any other arbitrator is replaced, such prior hearings may be repeated at the discretion of the arbitral tribunal.

Section III. Arbitral proceedings

RULE 15 : GENERAL PROVISIONS

1. Subject to these Rules, the arbitral tribunal may conduct the arbitration in such manner as it considers appropriate, provided that the parties are treated with equality and that at any stage of the proceedings each party is given a full opportunity of presenting his case.

2. If either party so requests at any stage of the proceedings, the arbitral tribunal shall hold hearings for the presentation of evidence by witnesses, including expert witnesses, or for oral argument. In the absence of such a request, the arbitral tribunal shall decide whether to hold such hearings or whether the proceedings shall be conducted on the basis of documents and other materials.

3. All documents or information supplied to the arbitral tribunal by one party shall at the same time be communicated by that party to the other party.

RULE 16 : PLACE OF ARBITRATION

1. Unless the parties have agreed upon the place where the arbitration is to be held, such place shall be determined by the arbitral tribunal, having regard to the circumstances of the arbitration.

2. The arbitral tribunal may determine the locale of the arbitration within the country agreed upon by the parties. It may hear witnesses and hold meetings for consultation among its members at any place it deems appropriate, having regard to the circumstances of the arbitration.

3. The arbitral tribunal may meet at any place it deems appropriate for the inspection of goods, other property or documents. The parties shall be given sufficient notice to enable them to be present at such inspection.

4. The award shall be made at the place of arbitration.

RULE 17 : LANGUAGE

1. Subject to an agreement by the parties, the arbitral tribunal shall, promptly after its appointment, determine the language or languages to be used in the proceedings. This determination shall apply to the statement of claim, the statement of defence, and any further written statements and, if oral hearings take place, to the language or languages to be used in such hearings.

2. The arbitral tribunal may order that any documents annexed to the statement of claim or statement of defence, and any supplementary documents or exhibits submitted in the course of the proceedings, delivered in their original language, shall be accompanied by a translation into the language or languages agreed upon by the parties or determined by the arbitral tribunal.

RULE 18 : STATEMENT OF CLAIM

1. Unless the statement of claim was contained in the notice of arbitration, within a period of time to be determined by the arbitral tribunal, the claimant shall communicate his statement of claim in writing to the defendant and to each of the arbitrators. A copy of the contract, and of the arbitration agreement if not contained in the contract, shall be annexed thereto.

2. The statement of claim shall include the following particulars:

- (a) The names and addresses of the parties;
- (b) A statement of the facts supporting the claim;
- (c) The points at issue;

(d) The relief or remedy sought.

The claimant may annex to his statement of claim all documents he deems relevant or may add a reference to the documents or other evidence he will submit.

RULE 19 : STATEMENT OF DEFENCE

1. Within a period of time to be determined by the arbitral tribunal, the defendant shall communicate his statement of defence in writing to the claimant and to each of the arbitrators.

2. The statement of defence shall reply to the particulars (b), (c) and (d) of the statement of claim (RULE 18, para. 2). The defendant may annex to his statement the documents on which he relies for his defence or may add a reference to the documents or other evidence he will submit.

3. In his statement of defence, or at a later stage in the arbitral proceedings if the arbitral tribunal decides that the delay was justified under the circumstances, the defendant may make a counter-claim arising out of the same contract or rely on a claim arising out of the same contract for the purpose of a set-off.

4. The provisions of RULE 18, paragraph 2, shall apply to a counter-claim and a claim relied on for the purpose of a set-off.

RULE 20 : AMENDMENTS TO THE CLAIM OR DEFENCE

During the course of the arbitral proceedings either party may amend or supplement his claim or defence unless the arbitral tribunal considers it inappropriate to allow such amendment having regard to the delay in making it or prejudice to the other party or any other circumstances. However, a claim may not be amended in such a manner that the amended claim falls outside the scope of the arbitration clause or separate arbitration agreement.

RULE 21 : PLEAS AS TO THE JURISDICTION OF THE ARBITRAL TRIBUNAL

1. The arbitral tribunal shall have the power to rule on objections that it has no jurisdiction, including any objections with respect to the existence or validity of the arbitration clause or of the separate arbitration agreement.

2. The arbitral tribunal shall have the power to determine the existence or the validity of the contract of which an arbitration clause forms a part. For the purposes of RULE 21, an arbitration clause which forms part of a contract and which provides for arbitration under these RULES shall be treated as an agreement independent of the other terms of the contract. A decision by the arbitral tribunal that the contract is null and void shall not entail *ipso jure* the invalidity of the arbitration clause.

3. A plea that the arbitral tribunal does not have jurisdiction shall be raised not later than in the statement of defence or, with respect to a counter-claim, in the reply to the counter-claim.

4. In general, the arbitral tribunal should rule on a plea concerning its jurisdiction as a preliminary question. However, the arbitral tribunal may proceed with the arbitration and rule on such a plea in their final award.

RULE 22 : FURTHER WRITTEN STATEMENTS

The arbitral tribunal shall decide which further written statements, in addition to the statement of claim and the statement of defence, shall be required from the parties or may be presented by them and shall fix the periods of time for communicating such statements.

RULE 23 : PERIODS OF TIME

The periods of time fixed by the arbitral tribunal for the communication of written statements (including the statement of claim and statement of defence) should not exceed forty-five days. However, the arbitral tribunal may extend the time-limits if it concludes that an

extension is justified.

RULES 24 and 25 : EVIDENCE AND HEARINGS

RULE 24

1. Each party shall have the burden of proving the facts relied on to support his claim or defence.

2. The arbitral tribunal may, if it considers it appropriate, require a party to deliver to the tribunal and to the other party, within such a period of time as the arbitral tribunal shall decide, a summary of the documents and other evidence which that party intends to present in support of the facts in issue set out in his statement of claim or statement of defence.

3. At any time during the arbitral proceedings the arbitral tribunal may require the parties to produce documents, exhibits or other evidence within such a period of time as the tribunal shall determine.

RULE 25

1. In the event of an oral hearing, the arbitral tribunal shall give the parties adequate advance notice of the date, time and place thereof.

2. If witnesses are to be heard, at least fifteen days before the hearing each party shall communicate to the arbitral tribunal and to the other party the names and addresses of the witnesses he intends to present, the subject upon and the languages in which such witnesses will give their testimony.

3. The arbitral tribunal shall make arrangements for the translation of oral statements made at a hearing and for a record of the hearing if either is deemed necessary by the tribunal under the circumstances of the case, or if the parties have agreed thereto and have communicated such agreement to the tribunal at least fifteen days before the hearing.

4. Hearings shall be held *in camera* unless the parties agree otherwise. The arbitral tribunal may require the retirement of any witness or witnesses during the testimony of other witnesses. The arbitral

tribunal is free to determine the manner in which witnesses are examined.

5. Evidence of witnesses may also be presented in the form of written statements signed by them.

6. The arbitral tribunal shall determine the admissibility, relevance, materiality and weight of the evidence offered.

RULE 26 : INTERIM MEASURES OF PROTECTION

1. At the request of either party, the arbitral tribunal may take any interim measures it deems necessary in respect of the subject-matter of the dispute, including measures for the conservation of the goods forming the subject-matter in dispute, such as ordering their deposit with a third person or the sale of perishable goods.

2. Such interim measures may be established in the form of an interim award. The arbitral tribunal shall be entitled to require security for the costs of such measures.

3. A request for interim measures addressed by any party to a judicial authority shall not be deemed incompatible with the agreement to arbitrate, or as a waiver of that agreement.

RULE 27 : EXPERTS

1. The arbitral tribunal may appoint one or more experts to report to it, in writing, on specific issues to be determined by the tribunal. A copy of the expert's terms of reference, established by the arbitral tribunal, shall be communicated to the parties.

2. The parties shall give the expert any relevant information or produce for his inspection any relevant documents or goods that he may require of them. Any dispute between a party and such expert as to the relevance of the required information or production shall be referred to the arbitral tribunal for decision.

3. Upon receipt of the expert's report, the arbitral tribunal shall communicate a copy of the report to the parties who shall be given the opportunity to express, in writing, their opinion on the report. A

party shall be entitled to examine any document on which the expert has relied in his report.

4. At the request of either party the expert, after delivery of the report, may be heard at a hearing where the parties shall have the opportunity to be present and to interrogate the expert. At this hearing either party may present expert witnesses in order to testify on the points at issue. The provisions of RULE 25 shall be applicable to such proceedings.

RULE 28 : DEFAULT

1. If, within the period of time fixed by the arbitral tribunal, the claimant has failed to communicate his claim without showing sufficient cause for such failure, the arbitral tribunal shall issue an order for the termination of the arbitral proceedings. If, within the period of time fixed by the arbitral tribunal, the defendant has failed to communicate his statement of defence without showing sufficient cause for such failure, the arbitral tribunal shall order that the proceedings continue.

2. If one of the parties, duly notified under these RULES, fails to appear at a hearing, without showing sufficient cause for such failure, the arbitral tribunal may proceed with the arbitration.

3. If one of the parties, duly invited to produce documentary evidence, fails to do so within the established period of time, without showing sufficient cause for such failure, the arbitral tribunal may make the award on the evidence before it.

RULE 29 : CLOSURE OF HEARINGS

1. The arbitral tribunal may inquire of the parties if they have any further proof to offer or witnesses to be heard or submissions to make and, if there are none, it may declare the hearings closed.

2. The arbitral tribunal may, if it considers it necessary owing to exceptional circumstances, decide, on its own motion or upon application of a party, to reopen the hearings at any time before the award

is made.

RULE 30 : GENERAL

1. A party who knows that any provision of, or requirement under, these RULES has not been complied with and yet proceeds with the arbitration without promptly stating his objection to such non-compliance, shall be deemed to have waived his right to object.

2. Neither the International Arbitration Association, any of its members or staff, nor any arbitrator or expert to a tribunal shall be liable to any party for any act of commission or omission in connection with any arbitration under these Rules, except where it is shown by the party that the act of commission or omission constituted a conscious and deliberate wrongdoing committed by the person alleged to be liable to the party.

Section IV. The award

RULE 31 : DECISIONS

1. When there are three arbitrators, any award or other decision of the arbitral tribunal shall be made by a majority of the arbitrators.

2. In the case of questions of procedure, when there is no majority or when the arbitral tribunal so authorizes, the presiding arbitrator may decide on his own, subject to revision, if any, by the arbitral tribunal.

RULE 32 : FORM AND EFFECT OF THE AWARD

1. In addition to making a final award, the arbitral tribunal shall be entitled to make interim, interlocutory, or partial awards.

2. The award shall be made in writing and shall be final and binding on the parties. The parties undertake to carry out the award without delay.

3. The arbitral tribunal shall state the reasons upon which the award is based, unless the parties have agreed that no reasons are to be given.

4. An award shall be signed by the arbitrators and it shall contain the date on which and the place where the award was made. Where there are three arbitrators and one of them fails to sign, the award shall state the reason for the absence of the signature.

5. The award may be made public only with the consent of both parties.

6. Copies of the award signed by the arbitrators shall be communicated to the parties by the arbitral tribunal.

7. If the arbitration law of the country where the award is made requires that the award be filed or registered by the arbitral tribunal, the tribunal shall comply with this requirement within the period of time required by law.

RULE 33 : APPLICABLE LAW, AMIABLE COMPOSITEUR

1. The arbitral tribunal shall apply the law designated by the parties as applicable to the substance of the dispute. Failing such designation by the parties, the arbitral tribunal shall apply the law determined by the conflict of laws rules which it considers applicable.

2. The arbitral tribunal shall decide as *amiable compositeur* or *ex aequo et bono* only if the parties have expressly authorized the arbitral tribunal to do so and if the law applicable to the arbitral procedure permits such arbitration.

3. In all cases, the arbitral tribunal shall decide in accordance with the terms of the contract and shall take into account the usages of the trade applicable to the transaction.

RULE 34 : SETTLEMENT OR OTHER GROUNDS FOR TERMINATION

1. If, before the award is made, the parties agree on a settlement of the dispute, the arbitral tribunal shall either issue an order for the termination of the arbitral proceedings or, if requested by both parties and accepted by the tribunal, record the settlement in the form of an arbitral award on agreed terms. The arbitral tribunal is not obliged to give reasons for such an award.

2. If, before the award is made, the continuation of the arbitral proceedings becomes unnecessary or impossible for any reason not mentioned in paragraph 1, the arbitral tribunal shall inform the parties of its intention to issue an order for the termination of the proceedings. The arbitral tribunal shall have the power to issue such an order unless

a party raises justifiable grounds for objection.

3. Copies of the order for termination of the arbitral proceedings or of the arbitral award on agreed terms, signed by the arbitrators, shall be communicated by the arbitral tribunal to the parties. Where an arbitral award on agreed terms is made, the provisions of RULE 32, paragraphs 2 and 4 to 7, shall apply.

RULE 35 : INTERPRETATION OF THE AWARD

1. Within thirty days after the receipt of the award, either party, with notice to the other party, may request that the arbitral tribunal give an interpretation of the award.

2. The interpretation shall be given in writing within forty-five days after the receipt of the request. The interpretation shall form part of the award and the provisions of RULE 32, paragraphs 2 to 7, shall apply.

RULE 36 : CORRECTION OF THE AWARD

1. Within thirty days after the receipt of the award, either party, with notice to the other party, may request the arbitral tribunal to correct in the award any errors in computation, any clerical or typographical errors, or any errors of similar nature. The arbitral tribunal may within thirty days after the communication of the award make such corrections on its own initiative.

2. Such corrections shall be in writing, and the provisions of RULE 32, paragraphs 2 to 7, shall apply.

RULE 37 : ADDITIONAL AWARD

1. Within thirty days after the receipt of the award, either party, with notice to the other party, may request the arbitral tribunal to make an additional award as to claims presented in the arbitral proceedings but omitted from the award.

2. If the arbitral tribunal considers the request for an additional award to be justified and considers that the omission can be rectified

without any further hearings or evidence, it shall complete its award within sixty days after the receipt of the request.

3. When an additional award is made, the provisions of RULE 32, paragraphs 2 to 7, shall apply.

RULES 38 to 40 : COSTS

RULE 38

The arbitral tribunal shall fix the costs of arbitration in its award. The term “costs” includes only:

- (a) The fees of the arbitral tribunal to be stated separately as to each arbitrator and to be fixed by the tribunal itself in accordance with RULE 39;
- (b) The travel and other expenses incurred by the arbitrators;
- (c) The costs of expert advice and of other assistance required by the arbitral tribunal;
- (d) The travel and other expenses of witnesses to the extent such expenses are approved by the arbitral tribunal;
- (e) The costs for legal representation and assistance of the successful party if such costs were claimed during the arbitral proceedings, and only to the extent that the arbitral tribunal determines that the amount of such costs is reasonable;
- (f) Any fees and expenses of the International Arbitration Association.

RULE 39

1. The fees of the arbitral tribunal shall be reasonable in amount, taking into account the amount in dispute, the complexity of the subject-matter, the time spent by the arbitrators and any other relevant circumstances of the case.

2. If the International Arbitration Association has issued a schedule of fees¹, for arbitrators in cases which it administers, the arbitral tribunal in fixing its fees shall take that schedule of fees into account to the extent that it considers appropriate in the circumstances of the case.

3. [blank]²

4. Whether a schedule of fees has been issued or not, if a party requests and the International Arbitration Association consents to perform the function, the arbitral tribunal shall fix its fees only after consultation with the IAA which may make any comment it deems appropriate to the arbitral tribunal concerning the fees.

RULE 40

1. Except as provided in paragraph 2, the costs of arbitration shall in principle be borne by the unsuccessful party. However, the arbitral tribunal may apportion each of such costs between the parties if it determines that apportionment is reasonable, taking into account the circumstances of the case.

2. With respect to the costs of legal representation and assistance referred to in RULE 38, paragraph (e), the arbitral tribunal, taking into account the circumstances of the case, shall be free to determine which party shall bear such costs or may apportion such costs between the parties if it determines that apportionment is reasonable.

3. When the arbitral tribunal issues an order for the termination of the arbitral proceedings or makes an award on agreed terms, it shall fix the costs of arbitration referred to in RULE 38 and RULE 39, paragraph 1, in the text of that order or award.

4. No additional fees may be charged by an arbitral tribunal for interpretation or correction or completion of its award under RULES 35 to 37.

¹at the time of publication it has not

²The original numbering is retained to allow for easier comparison with the UNCITRAL Arbitration Rules, upon which these Rules are based.

RULE 41 : DEPOSIT OF COSTS

1. The arbitral tribunal, on its establishment, may request each party to deposit an equal amount as an advance for the costs referred to in RULE 38, paragraphs (a), (b) and (c).

2. During the course of the arbitral proceedings the arbitral tribunal may request supplementary deposits from the parties.

3. If a party so requests and the International Arbitration Association consents to perform the function, the arbitral tribunal shall fix the amounts of any deposits or supplementary deposits only after consultation with the IAA which may make any comments to the arbitral tribunal which it deems appropriate concerning the amount of such deposits and supplementary deposits.

4. If the required deposits are not paid in full within thirty days after the receipt of the request, the arbitral tribunal shall so inform the parties in order that one or another of them may make the required payment. If such payment is not made, the arbitral tribunal may order the suspension or termination of the arbitral proceedings.

5. After the award has been made, the arbitral tribunal shall render an accounting to the parties of the deposits received and return any unexpended balance to the parties.

Section V. Designation

RULE 42

1. If the parties have so agreed, or if the International Arbitration Association has in its discretion decided (under RULE 1.4), then the IAA shall act as a designating authority.

2. When the International Arbitration Association is to make a designation, the requesting party shall send to the IAA a copy of the notice of arbitration, a copy of the contract out of or in relation to which the dispute has arisen and a copy of the arbitration agreement if it is not contained in the contract. The IAA may require from either party such information as it deems necessary to fulfil its function.

3. Where the names of one or more institutions or bodies are proposed by a party, their full names and contact details shall be indicated.

4. The International Arbitration Association will nominate an administering body or an appointing authority, and may optionally nominate a set of arbitration rules that are to apply to the arbitration. In making its designation the IAA shall have regard to such considerations as are likely to secure an independent and impartial decision rendered within a timescale and budget commensurate with the nature and magnitude of the dispute.

Differences between these rules and the UNCITRAL ARBITRATION RULES of 1976.

*These notes are to assist users in comparing the two rules. They are for guidance only. The IAA welcomes comments on improving these notes and otherwise making them more useful. These notes are **not** to be considered part of the Rules **nor** to be used in interpreting the Rules.*

“respondent” to “defendant” throughout. (Whilst the term “respondent” is more in tune with the current philosophy, that parties refer “differences” and not “disputes” to arbitration, the term “defendant” is preferred for the following reason. When an application is made to the tribunal, then naturally the party applying is the “applicant”, and it seems reasonable to refer to the responding party as the “respondent”. For each application (and there might be many in a single arbitration) either party could be either applicant or respondent.)

Name of the rules in 1.1.

“article” to “RULE”, throughout.

Deletions of references to choice of an appointing authority, etc. (*i.e.* 3.4(a), 6.1.(b) [deleted: 6.1.(a) becomes 6.1], 6.2, 6.3, 6.4, 7.2.(b) [deleted: 7.2.(a) becomes 7.2 and is itself modified], 8, 12 [12.1(a), (b) and (c) all consolidated in 12.1], 12.2, 38(f), 39.2 and 39.4.)

1.3 added, to allow for internal and other regulations.

Rule 1.4 and Rule 42 are added, to allow for designation.

Rule 5 allows the IAA in its discretion to determine the number of arbitrators where this is not agreed by the parties. Whilst this introduces a lack of certainty, it does (like the provisions in Rule 1.4) give great flexibility in choosing a method of resolution that is appropriate to the dispute, rather than having to rely on suppositions made at the time of contracting as to what the nature, or magnitude, of any disputes might be.

Rule 30 renamed and moved to 30.1. Rule 30.2 (on exclusion of liability) added.

“international” removed from Rule 39.2. (The Rules are intended to be applicable to any arbitration.)

Rule 39.3 deleted (possibility to request a basis for determining fees).

Rule 39.4 modified to accord with previous deletion.

