



CEDRAC
Cyprus Eurasia Dispute Resolution
and Arbitration Center

CEDRAC Rules

in force as from 1 January 2012

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CEDRAC Arbitration Rules

Section I. Introductory rules Scope of application

Article 1

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 Cyprus Eurasia Dispute Resolution and Arbitration Center (“CEDRAC”), 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. These Rules shall come into force on 1st January 2012 and, unless the parties have agreed otherwise, shall apply to all arbitral proceedings in which the Request for Arbitration is submitted on or after that date.

Notice, calculation of periods of time

Article 2

1. A notice, including a notification, communication or proposal, may be transmitted by any means of communication that provides or allows for a record of its transmission.
2. If an address has been designated by a party specifically for this purpose or authorized by the arbitral tribunal, any notice shall be delivered to that party at that address, and if so delivered shall be deemed to have been received. Delivery by electronic means such as facsimile or e-mail may only be made to an address so designated or authorized.
3. In the absence of such designation or authorization, a notice is:
 - (a) Received if it is physically delivered to the addressee; or
 - (b) Deemed to have been received if it is delivered at the place of business, habitual residence or mailing address of the addressee.
4. If, after reasonable efforts, delivery cannot be effected in accordance with paragraphs 2 or 3, a notice is deemed to have been received if it is sent to the addressee’s last-known place of business, habitual residence or mailing address by registered letter or any other means that provides a record of delivery or of attempted delivery.

5. A notice is deemed to have been received on the day it is delivered in accordance with paragraphs 2, 3 or 4, or attempted to be delivered in accordance with paragraph 4. A notice transmitted by electronic means is deemed to have been received on the day it is sent, except that a Request for Arbitration so transmitted is only deemed to have been received on the day when it reaches the addressee's electronic address.

6. For the purpose of calculating a period of time under these Rules, such period shall begin to run on the day following the day when a notice 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.

Request for Arbitration

Article 3

1. The party initiating recourse to arbitration (hereinafter called the "claimant") under these Rules shall submit its Request for Arbitration (the "Request") to the respondent party and the Secretariat of CEDRAC at its postal and electronic address. The Secretariat shall notify the claimant and respondent of the receipt of the Request and the date of such receipt.

2. The date on which the Request is received by the Secretariat shall, for all purposes, be deemed to be the date of the commencement of the arbitration.

3. The Request for Arbitration shall include the following at a minimum:

- (a) A demand that the dispute be referred to arbitration;
- (b) The names and addresses, telephone and fax numbers and e-mail addresses of the parties and of their counsel;
- (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 together with the amounts of any quantified claims and, to the extent possible, an estimate of the monetary value of any other claims;
- (g) A proposal as to the number of arbitrators (i.e. one or three), if the parties have not previously agreed thereon, and any nomination of an arbitrator required thereby; and
- (h) all relevant particulars and any observations or proposals as to the place of arbitration, the applicable rules of law and the language of the arbitration.
- (i) The payment, by check or transfer to the account of the Center to which the Request for Arbitration is submitted as listed in the Appendix, of the Registration Fee as required by Table (1) (Schedule of the Costs of

Arbitration) in force on the date when the Request for Arbitration is submitted.

4. The Request for Arbitration may also include:

- (a) The proposals for the appointments of a sole arbitrator and an appointing authority referred to in article 6, paragraph 1;
- (b) The notification of the appointment of an arbitrator referred to in article 7;
- (c) The statement of claim referred to in article 18.

5. If the Request for Arbitration is incomplete or if the copies or attachments are not submitted in the required number, or if the Registration Fee is not paid, the Center may request the Claimant to remedy the defect within an appropriate period of time. If the Claimant complies with such directions within the applicable time-limit, the Request for Arbitration shall be deemed to have been validly filed on the date when the initial version was received by the Center.

6. The Center shall provide without delay a copy of the Request for Arbitration and of any exhibits included therewith to the Respondent, unless the Center decides (after consultation with the Executive Board) that there is manifestly no agreement to arbitrate referring to these Rules.

Response to the Request for Arbitration

Article 4

1. Within thirty (30) days from receipt of the Request for Arbitration, the Respondent shall submit to the Center an Answer to the Request for Arbitration. This Answer to the Request for Arbitration shall be submitted in as many copies as there are other parties, together with an additional copy for each arbitrator and one copy for the Center, and shall, to the extent possible, at a minimum, include the following:

- (a) The name, address, telephone and fax numbers and e-mail address (if any) of the Respondent and of its counsel (if different from the description contained in the Request for Arbitration);
- (b) Any plea that an arbitral tribunal constituted under these Rules lacks jurisdiction;
- (c) The Respondent's comments on the particulars set forth in the Request for Arbitration, pursuant to Article 3, paragraph 3(e);
- (d) The Respondent's answer to the relief or remedy sought in the Request for Arbitration, pursuant to Article 3, paragraph 3(f);
- (e) The Respondent's proposal as to the number of arbitrators (i.e. one or three), if the parties have not previously agreed thereon, pursuant to Article 3, paragraph 3(g), and any nomination of an arbitrator required thereby.

2. The Answer to the Request for Arbitration may also include:

- (a) The Respondent's proposals for the appointment of a sole arbitrator referred to in Article 7;
- (b) The Respondent's designation of an arbitrator for the purpose of constituting a three-member arbitral tribunal referred to in Article 8;

(c) The Statement of Defence referred to in Article 19.

3. Any counterclaim or set-off defence shall in principle be raised with the Respondent's Answer to the Request for Arbitration. The provisions of Article 3, paragraph 3, are applicable to the counterclaim or set-off defence.

4. The Center shall provide without delay a copy of the Answer to the Request for Arbitration and of any exhibits included therewith to the Claimant.

5. Once the Registration Fee has been paid and all arbitrators have been confirmed, the Center shall transmit without delay the file to the sole arbitrator or to the arbitral tribunal.

Representation and assistance

Article 5

1. 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.

2. Where a person is to act as a representative of a party, the arbitral tribunal, on its own initiative or at the request of any party, may at any time require proof of authority granted to the representative in such a form as the arbitral tribunal may determine.

Section II. Composition of the arbitral tribunal

Number of arbitrators

Article 6

1. If the parties have not previously agreed on the number of arbitrators (i.e. one or three), and if within fifteen (15) days after the receipt by the respondent of the Request for Arbitration the parties have not agreed that there shall be only one arbitrator, the number of arbitrators will be three unless otherwise determined by the CEDRAC Court.

2. When deciding the number of arbitrators appropriate for any particular dispute, the CEDRAC Court shall take into account the following factors:

- (a) the amount in dispute;
- (b) the complexity of the claim;
- (c) the nationalities of the parties;
- (d) any relevant customs of the trade, business or profession involved in the said dispute;
- (e) the availability of appropriate arbitrators;
- (f) the urgency of the case.

Appointment of arbitrators (articles 7 to 9)

Article 7

1. If the parties have agreed on the appointment of a sole arbitrator, either party may propose to the other:

- (a) The names of one or more persons, one of whom would serve as the sole arbitrator; and
- (b) A decision within the parties ought to be made within thirty (30) days from the commencement of the arbitration.

2. If within thirty (30) days after receipt of a proposal for the appointment of a sole arbitrator, the parties have not reached agreement thereon, a sole arbitrator shall be appointed by CEDRAC. CEDRAC shall appoint the sole arbitrator as promptly as possible.

3. In making the appointment CEDRAC shall use the following list-procedure, unless both parties agree that the list-procedure should not be used or unless the CEDRAC Court 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 appointing authority shall communicate to both parties an identical list containing at least three names;
- (b) Within fifteen (15) days after the receipt of the list, each party may return the list to the CEDRAC Court 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 appointing authority 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 the procedure, the CEDRAC Court may exercise its discretion in appointing the sole arbitrator.

4. In making the appointment, CEDRAC 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. CEDRAC will also require a statement as to the arbitrator's independence and impartiality [as per appendix].

Article 8

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 (30) 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 CEDRAC to appoint the second arbitrator on behalf of the other party; or

3. If within thirty (30) 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 CEDRAC Court in the same way as a sole arbitrator would be appointed under article (7).

Article 9

1. In multi-party arbitration proceedings and where there are two or more claimants or two or more respondents, the parties may agree on the number and the means of appointing arbitrators. If this agreement is not realized within forty five (45) days from the date of notifying them by the claim of arbitration, the CEDRAC Court will appoint all the arbitrators upon request of any of the parties. In this case the CEDRAC Court shall also designate one of the appointed arbitrators to act as chairperson.

2. *Ex parte* communications with any arbitrator or with any candidate for appointment as party appointed arbitrator shall be limited to the general nature of the dispute, the anticipated proceedings, the candidate's qualifications, availability, independence and the suitability of the candidate for selection as presiding arbitrator if parties are authorized to participate in his selection.

Challenge of arbitrators (articles 10 to 12)

Article 10

A prospective arbitrator shall disclose to those who approach him or her in connection with his possible appointment any circumstances likely to give rise to justifiable doubts as to the arbitrator's impartiality or independence. An arbitrator, once appointed or chosen and throughout the arbitration proceedings, shall disclose without delay such circumstances to the parties unless they have already been informed by him of these circumstances.

Article 11

1. Any arbitrator may be challenged if circumstances exist that give rise to justifiable doubts as to the arbitrator's 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.

3. In the event that an arbitrator fails to act or in the event of the *de jure* or *de facto* impossibility of his or her performing his or her functions, the procedure in respect of the challenge of an arbitrator as provided in article 12 shall apply.

Article 12

1. A party who intends to challenge an arbitrator shall send notice of his challenge within fifteen (15) days after the appointment of the challenged arbitrator has been notified to the challenging party or within fifteen (15) days after the circumstances mentioned in articles 10 and 11 became known to that party.
2. The challenge shall be notified to CEDRAC, 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 or her office; such action does not imply acceptance of the validity of the grounds for the challenge. In both cases the procedure provided in article 7 or 8 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.
4. If the arbitrator being challenged does not withdraw, the CEDRAC Court shall decide on the challenge. The decision of the CEDRAC Court is final. The CEDRAC Court has an obligation to give reasons for its decision.
5. If the CEDRAC Court 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 articles 7 to 8.

Replacement of an arbitrator

Article 13

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 articles 7 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 it becomes impossible *de jure* or *de facto* to performing his or her functions, the procedure in respect of the challenge and replacement of an arbitrator as provided in the preceding articles shall apply.

Repetition of hearings in the event of the replacement of an arbitrator

Article 14

If under articles 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

General provisions

Article 15

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 reasonable opportunity of presenting its case. The arbitral tribunal, in exercising its discretion, shall conduct the proceedings so as to avoid unnecessary delay and expense and to provide a fair and efficient process for resolving the parties' dispute

2. As soon as practicable after its constitution, but no later than three months after its constitution, and after inviting the parties to express their views, the arbitral tribunal shall establish the provisional timetable of the arbitration and issue directions as to the procedural rules to be followed. The arbitral tribunal may, at any time, after inviting the parties to express their views, extend or abridge any period of time prescribed under these Rules or agreed by the parties.

3. 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.

4. All communications to the arbitral tribunal by one party shall be communicated by that party to all other parties and to CEDRAC. Such communications shall be made at the same time, except as otherwise permitted by the arbitral tribunal if it may do so under applicable law.

5. The arbitral tribunal may, after consulting with the parties, appoint a secretary. Article 10 of these Rules shall apply by analogy to the secretary.

6. The arbitral tribunal may request the CEDRAC to prepare with the parties a draft of terms of reference including all the necessary details for its consideration and of list of issues to be determined in the arbitration. It may also conduct a preliminary meeting for signing the terms of reference and for organizing and scheduling the subsequent proceedings with a view of expediting the resolution of the dispute. Such request will have to be made within one month of the constitution of the arbitral tribunal and a signing process may coincide with the adoption of a procedural timetable, within three months of the constitution of the tribunal.

Place of arbitration

Article 16

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. The award shall be deemed to be made at the place of arbitration.

2. The arbitral tribunal may determine the location 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.

Language

Article 17

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.

Statement of claim

Article 18

1. Unless the statement of claim was contained in the Request for 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 respondent 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 contact details of the parties;
- (b) A statement of the facts supporting the claim;
- (c) The points at issue;
- (d) The relief or remedy sought;
- (e) The legal grounds or arguments supporting the claim.

3. The statement of claim should, as far as possible, be accompanied by all documents and other evidence relied upon by the claimant, or contain references to them.

Statement of defence

Article 19

1. Within a period of time to be determined by the arbitral tribunal, the respondent shall communicate his statement of defence in writing to the claimant and to each of the arbitrators. The respondent may elect to treat its response to the request for arbitration referred to in article 4 as a statement of defence, provided that the response to the notice of arbitration also complies with the requirements of paragraph 2 of this article.

2. The statement of defence shall reply to the particulars (b) to (e) of the statement of claim (article 18, para. 2). The statement of defence should, as far as possible, be accompanied by all documents and other evidence relied upon by the respondent, or contain references to them.

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 respondent 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 article 18, paragraph 2, shall apply to a counter-claim and a claim relied on for the purpose of a set-off.

Amendments to the claim or defence

Article 20

During the course of the arbitral proceedings, a party may amend or supplement its claim or defence, including a counterclaim or a claim for the purpose of a set-off, unless the arbitral tribunal considers it inappropriate to allow such amendment or supplement having regard to the delay in making it or prejudice to other parties or any other circumstances. However, a claim or defence, including a counterclaim or a claim for the purpose of a set-off, may not be amended or supplemented in such a manner that the amended or supplemented claim or defence falls outside the jurisdiction of the arbitral tribunal.

Pleas as to the jurisdiction of the arbitral tribunal

Article 21

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. For that purpose, an arbitration clause that forms part of a contract 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 shall not entail automatically the invalidity of the arbitration clause.

2. A plea that the arbitral tribunal does not have jurisdiction shall be raised no later than in the statement of defence or, with respect to a counterclaim or a claim for the

purpose of a set-off, in the reply to the counterclaim or to the claim for the purpose of a set-off. A party is not precluded from raising such a plea by the fact that it has appointed, or participated in the appointment of, an arbitrator. A plea that the arbitral tribunal is exceeding the scope of its authority shall be raised as soon as the matter alleged to be beyond the scope of its authority is raised during the arbitral proceedings. The arbitral tribunal may, in either case, admit a later plea if it considers the delay justified.

3. 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. The arbitral tribunal may continue the arbitral proceedings and make an award, notwithstanding any pending challenge to its jurisdiction before a court.

Further written statements

Article 22

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.

Periods of time

Article 23

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-limit if it concludes that an extension is justified.

Interim measures of protection

Article 24

1. The arbitral tribunal may, at the request of a party, grant interim measures.
2. An interim measure is any temporary measure by which, at any time prior to the issuance of the award by which the dispute is finally decided, the arbitral tribunal orders a party, for example and without limitation, to:
 - (a) Maintain or restore the *status quo* pending determination of the dispute;
 - (b) Take action that would prevent, or refrain from taking action that is likely to cause, (i) current or imminent harm or (ii) prejudice to the arbitral process itself;
 - (c) Provide a means of preserving assets out of which a subsequent award may be satisfied; or
 - (d) Preserve evidence that may be relevant and material to the resolution of the dispute.

3. The party requesting an interim measure under paragraphs 2 (a) to (c) shall satisfy the arbitral tribunal that:

- (a) Harm not adequately reparable by an award of damages is likely to result if the measure is not ordered, and such harm substantially outweighs the harm that is likely to result to the party against whom the measure is directed if the measure is granted; and
- (b) There is a reasonable possibility that the requesting party will succeed on the merits of the claim. The determination on this possibility shall not affect the discretion of the arbitral tribunal in making any subsequent determination.

4. With regard to a request for an interim measure under paragraph 2 (d), the requirements in paragraphs 3 (a) and (b) shall apply only to the extent the arbitral tribunal considers appropriate.

5. The arbitral tribunal may modify, suspend or terminate an interim measure it has granted, upon application of any party or, in exceptional circumstances and upon prior notice to the parties, on the arbitral tribunal's own initiative.

6. The arbitral tribunal may require the party requesting an interim measure to provide appropriate security in connection with the measure.

7. The arbitral tribunal may require any party promptly to disclose any material change in the circumstances on the basis of which the interim measure was requested or granted.

8. The party requesting an interim measure may be liable for any costs and damages caused by the measure to any party if the arbitral tribunal later determines that, in the circumstances then prevailing, the measure should not have been granted. The arbitral tribunal may award such costs and damages at any point during the proceedings.

9. 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.

Evidence

Article 25

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

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

3. Witnesses, including expert witnesses, who are presented by the parties to testify to the arbitral tribunal on any issue of fact or expertise may be any individual, notwithstanding that the individual is a party to the arbitration or in any way related

to a party to the arbitration. Unless otherwise directed by the arbitral tribunal, statements by witnesses, including expert witnesses, may be presented in writing and signed by them.

4. 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 arbitral tribunal shall determine.

Hearing(s)

Article 26

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. Witnesses, including expert witnesses, may be heard under the conditions and examined in the manner set by the arbitral tribunal.

3. Hearings shall be held *in camera* unless the parties agree otherwise. The arbitral tribunal may require the retirement of any witness or witnesses, including expert witnesses, during the testimony of such other witnesses, except that a witness, including an expert witness, who is a party to the arbitration shall not, in principle, be asked to retire.

4. The arbitral tribunal may direct that witnesses, including expert witnesses, be examined through means of telecommunication that do not require their physical presence at the hearing (such as videoconference).

Experts

Article 27

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

2. The expert shall, in principle before accepting appointment, submit to the arbitral tribunal and to the parties a description of his or her qualifications and a statement of his or her impartiality and independence. Within the time ordered by the arbitral tribunal, the parties shall inform the arbitral tribunal whether they have any objections as to the expert's qualifications, impartiality or independence. The arbitral tribunal shall decide promptly whether to accept any such objections. After an expert's appointment, a party may object to the expert's qualifications, impartiality or independence only if the objection is for reasons of which the party becomes aware after the appointment has been made. The arbitral tribunal shall decide promptly what, if any, action to take.

3. The parties shall give the expert any relevant information or produce for his or her inspection any relevant documents or goods that he or she 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.

4. Upon receipt of the expert's report, the arbitral tribunal shall communicate a copy of the report to the parties, which 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 or her report.

5. At the request of any 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, any party may present expert witnesses in order to testify on the points at issue. The provisions of article 26 shall be applicable to such proceedings.

Default

Article 28

1. If, within the period of time fixed by these Rules or the arbitral tribunal, without showing sufficient cause:

- (a) The claimant has failed to communicate its statement of claim, the arbitral tribunal shall issue an order for the termination of the arbitral proceedings, unless there are remaining matters that may need to be decided and the arbitral tribunal considers it appropriate to do so;
- (b) The respondent has failed to communicate its response to the notice of arbitration or its statement of defence, the arbitral tribunal shall order that the proceedings continue, without treating such failure in itself as an admission of the claimant's allegations; the provisions of this subparagraph also apply to a claimant's failure to submit a defence to a counterclaim or to a claim for the purpose of a set-off.

2. If a party, 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 a party, duly invited by the arbitral tribunal to produce documents, exhibits or other 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.

Applicable law, amiable compositeur

Article 29

1. The arbitral tribunal shall apply the rules of 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 or rules of law which it considers appropriate.

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.

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.

Closure of hearings

Article 30

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.

Waiver of rules

Article 31

A failure by any party to object promptly to any non-compliance with these Rules or with any requirement of the arbitration agreement shall be deemed to be a waiver of the right of such party to make such an objection, unless such party can show that, under the circumstances, its failure to object was justified.

Section IV. The award

Decisions

Article 32

1. When there are three arbitrators, any order 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 alone, subject to revision, if any, by the arbitral tribunal.

Form and effect of the award

Article 33

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

2. All awards shall be made in writing and shall be final and binding to 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. An award may be made public with the consent of all parties or where and to the extent disclosure is required of a party by legal duty, to protect or pursue a legal right or in relation to legal proceedings before a court or other competent authority.

6. Originals of the award signed by the arbitrators shall be communicated to the parties and to the Center by the arbitral tribunal. CEDRAC shall retain one original award.

Settlement or other grounds for termination

Article 34

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 and to CEDRAC. Where an arbitral award on agreed terms is made, the provisions of article 33 shall apply by analogy.

Interpretation of the award

Article 35

1. Within thirty (30) 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 (45) days after the receipt of the request. The interpretation shall form part of the award and the provisions of article 33, paragraphs 2 to 6, shall apply.

Correction of the award

Article 36

1. Within thirty (30) 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 or omission of similar nature. If the arbitral tribunal considers that the request is justified, it shall make the correction within 45 days of receipt of the request.
2. The arbitral tribunal may within thirty (30) days after the communication of the award make such corrections on its own initiative.
3. Such corrections shall be in writing, and shall form part of the award. The provisions of article 33, paragraphs 2 to 6, shall apply.

Additional award

Article 37

1. Within thirty (30) days after the receipt of the termination order or 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 (60) days after the receipt of the request. The arbitral tribunal may extend, if necessary, the period of time within which it shall make the additional award.
3. When an additional award is made, the provisions of article 33, paragraphs 2 to 6, shall apply.

Scrutiny of the Award by the Court

Article 38

1. Before signing any award, the arbitral tribunal shall submit it in draft form to the CEDRAC Court. The Court may lay down modifications as to the form of the award and, without affecting the arbitral tribunal's liberty of decision, may also draw its attention to points of substance. No award shall be rendered by the arbitral tribunal until it has been approved by the Court as to its form.
2. CEDRAC will charge a fee for the scrutiny of an award, depending on its length, complexity, language(s) in which is written and other relevant circumstances.
3. The process of scrutiny shall be completed within forty-five (45) days from referral to the Court.

Costs (Articles 39 to 41)

Article 39

1. The arbitral tribunal shall determine the costs of arbitration in its final award and, if it deems necessary, in another decision.
2. The term “costs” includes only:
 - (a) The fees of the arbitral tribunal to be stated separately as to each arbitrator and to be determined by the tribunal itself in accordance with Article 39;
 - (b) The reasonable travel and other expenses incurred by the arbitrators;
 - (c) The reasonable costs of expert advice and of other assistance required by the arbitral tribunal;
 - (d) The reasonable 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) The costs for the administration of the arbitration payable to the Center (CEDRAC) in accordance with Table (1) (Schedule of the Costs of Arbitration). The facilities provided by the Center may be charged for on the basis of reasonable costs.
3. In relation to interpretation, correction or completion of any award under articles 35 to 37, the arbitral tribunal may charge the costs referred to in paragraphs 2 (b) to (f), but no additional fees.

Fees and expenses of arbitrators

Article 40

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. The Secretary General of CEDRAC, after consulting with the arbitral tribunal, shall prepare an estimate of the costs of arbitration and shall request the parties to deposit equal advance payments.
3. During the course of arbitral proceedings, the Secretary General of CEDRAC may request supplementary deposits from the parties.
4. If the required deposits are not paid in full within thirty (30) days after the receipt of the request, the Secretary General of CEDRAC 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, after consultation with the Secretary General of CEDRAC, may order the suspension or termination of the arbitral proceedings.

5. The Secretary General of CEDRAC may redirect supplementary funds towards coverage of the costs of arbitration.

6. After the award has been made, the Secretary General of CEDRAC shall render an accounting to the parties of the deposits received and return any unexpended balance to the parties.

Allocation of costs

Article 41

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 article 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 article 38 and article 39, paragraph 1, in the text of that order or award.

Expedited Procedure

Article 42

1. If the parties so agree, or if the provisions of paragraph 2 are applicable, the arbitral proceedings shall be conducted in accordance with an Expedited Procedure based upon the foregoing provisions of these Rules, subject to the following changes:

- (a) CEDRAC may shorten the time-limits for the appointment of arbitrators;
- (b) After the submission of the Answer to the Request for Arbitration, the parties shall in principle be entitled to submit one Statement of Claim and one Statement of Defence (and Counterclaim) and, where applicable, one Statement of Defence in reply to the Counterclaim;
- (c) Unless the parties agree that the dispute shall be decided on the basis of documentary evidence only, the arbitral tribunal shall hold a single hearing for the examination of the witnesses and expert witnesses as well as for oral argument;
- (d) The award shall be made within six months from the date when the Center transmitted the file to the arbitral tribunal. In exceptional circumstances, the Center may extend this time-limit;
- (e) The arbitral tribunal shall state the reasons upon which the award is based in summary form, unless the parties have agreed that no reasons are to be

given.

2. The following provisions shall apply to all cases in which the amount in dispute representing the aggregate of the claim and the counterclaim (or any set-off defence) does not exceed EUR 10,000,000, unless the Center decides otherwise taking into account all relevant circumstances:

- (a) The arbitral proceedings shall be conducted in accordance with the Expedited Procedure set forth in Article 41, paragraph 1;
- (b) The case shall be referred to a sole arbitrator, unless the arbitration agreement provides for a three-member arbitral tribunal;
- (c) If the arbitration agreement provides for a three-member arbitral tribunal, the Center shall invite the parties to agree to refer the case to a sole arbitrator. If the parties do not agree to refer the case to a sole arbitrator, the fees of the three arbitrators shall be determined in accordance with Table (2) (Schedule of the Costs of Arbitration)

Confidentiality

Article 43

1. Unless the parties expressly agree in writing to the contrary, the parties undertake as a general principle to keep confidential all awards and orders as well as all materials submitted by another party in the framework of the arbitral proceedings not otherwise in the public domain, save and to the extent that a disclosure may be required of a party by a legal duty, to protect or pursue a legal right or to enforce or challenge an award in legal proceedings before a judicial authority. This undertaking also applies to the arbitrators, the tribunal-appointed experts, the secretary of the arbitral tribunal and the Center.

2. The deliberations of the arbitral tribunal are confidential.

3. An award may be published, whether in its entirety or in the form of excerpts or a summary, only under the following conditions:

- (a) A request for publication is addressed to the Center;
- (b) All references to the parties' names are deleted; and
- (c) No party objects to such publication within the time-limit fixed for that purpose by the Center.

Exclusion of Liability

Article 44

1. None of the Center or its staff, arbitrators, tribunal-appointed experts or the secretary of the arbitral tribunal shall be liable for any act or omission in connection with an arbitration conducted under these Rules, save where the act or omission is shown to constitute deliberate wrongdoing or extremely serious negligence.

2. After the award has been made and the possibilities of correction, interpretation and additional awards referred to in Articles 35 to 37 have lapsed or been

exhausted, neither the Center nor the arbitrators, the tribunal-appointed experts or the secretary of the arbitral tribunal shall be under an obligation to make statements to any person about any matter concerning the arbitration, nor shall a party seek to make any of these persons a witness in any legal or other proceedings arising out of the arbitration.

Optional Provision – Opt In
Consolidation of Arbitral Proceedings (Joinder), Participation of Third Parties

Article 45

1. Where a Request for Arbitration is submitted between parties already involved in other arbitral proceedings pending under these Rules, the Center may decide, after consulting with the parties to all proceedings, that the new case shall be referred to the arbitral tribunal already constituted for the existing proceedings. The Center may proceed likewise where a Request for Arbitration is submitted between parties that are not identical to the parties in the existing arbitral proceedings. When rendering their decision, the Center shall take into account all circumstances, including the links between the two cases and the progress already made in the existing proceedings. Where the Center decide to refer the new case to the existing arbitral tribunal, the parties to the new case shall be deemed to have waived their right to designate an arbitrator.

2. Where a third party requests to participate in arbitral proceedings already pending under these Rules or where a party to arbitral proceedings under these Rules intends to cause a third party to participate in the arbitration, the arbitral tribunal shall decide on such request, after consulting with all parties, taking into account all circumstances it deems relevant and applicable.

Model statements of independence pursuant to the Rules

No circumstances to disclose

I am impartial and independent of each of the parties and their legal representatives and intend to remain so. To the best of my knowledge, there are no circumstances, past or present, likely to give rise to justifiable doubts as to my impartiality or independence. I shall promptly notify the parties and the other arbitrators of any such circumstances that may subsequently come to my attention during this arbitration.

Circumstances to disclose

I am impartial and independent of each of the parties and their legal representatives and intend to remain so. Attached is a statement made pursuant to article 10 of the CEDRAC Arbitration Rules of (a) my past and present professional, business and other relationships with the parties and (b) any other relevant circumstances. [Include statement.]

I confirm that those circumstances do not affect my independence and impartiality. I shall promptly notify the parties and the other arbitrators of any such further relationships or circumstances that may subsequently come to my attention during this arbitration.

Note. Any party may consider requesting from the arbitrator the following addition to the statement of independence:

I confirm, on the basis of the information presently available to me, that I can devote the time necessary to conduct this arbitration diligently, efficiently and in accordance with the time limits in the Rules.

Model arbitration clause for contracts

Any dispute, controversy or claim arising out of or relating to this contract, including but not limited to the formation, performance, breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the CEDRAC Arbitration Rules.

Note. Parties should consider adding:

- (a) The appointing authority shall be ... [name of institution or person];
- (b) The number of arbitrators shall be ... [one or three];
- (c) The place of arbitration shall be ... [city and country];
- (d) The language to be used in the arbitral proceedings shall be

Possible waiver statement

Note. If the parties wish to exclude recourse against the arbitral award that may be available under the applicable law, they may consider adding a provision to that effect as suggested below, considering, however, that the effectiveness and conditions of such an exclusion depend on the applicable law.

Waiver

The parties hereby waive their right to any form of recourse against an award to any court or other competent authority, insofar as such waiver can validly be made under the applicable law.

ARBITRATION AND ADMINISTRATION COSTS

Since all proceedings are customised, it is impossible for us to provide a detailed cost estimate in advance. The total costs of arbitration comprise the following elements:

- **Fees of the arbitrator(s):** a variable amount based on the length, financial interest and complexity of the case, laid down in an hourly rate. This hourly rate is agreed between the CEDRAC and the arbitrator upon appointment, pursuant to the guidelines set by CEDRAC. As a guideline, having three arbitrators settle a dispute is roughly double the cost of having one arbitrator do so.
- **The expenses of the arbitrator(s),** which include the costs of a hearing room and the filing of an arbitral award, and sometimes travel expenses, the costs of a secretary, an expert and/or interpreter.
- **CEDRAC's administration fees** are calculated on the basis of the CEDRAC Schedule of Costs.
- **Costs of legal representation** as applicable. However, legal representation is not compulsory for CEDRAC arbitration.

CEDRAC SCHEDULE OF COSTS

TABLE (1) ADMINISTRATIVE FEES

Filing fee

Amount in dispute	CEDRAC's Filing Fee
Up € 50,000	€ 750
€ 50,001 - € 100,000	€ 1,200
€ 100,001 - € 500,000	€ 2,500
€ 500,001 - € 1,000,000	€ 3,500
€ 1,000,001 - € 5,000,000	€ 5,000
€ 5,000,001 - € 10,000,000	€ 7,500
€ 10,000,000 and above	€ 10,000

Time spent by the CEDRAC Secretariat

- €80 or €120 per hour spent by administrative staff;
- €150 per hour spent by Secretary General / Deputy Secretary General / Deputy Director General and
- €200 per hour spent by Director General

A sum equivalent to 5% of the fees of the Tribunal (excluding expenses) for CEDRAC's overhead

Time spent by CEDRAC Court Members in carrying out their functions at hourly rates advised by the CEDRAC Court Members

No more than €3,000 and no less than €1,000 for scrutiny on award

€1,000 for appointment of an arbitrator

€1,500 for appointment of an arbitrator, when acting as appointing authority

TABLE (2) ARBITRATORS' FEE AND EXPENSES

Unless otherwise agreed with the parties, the **expenses of the arbitrators**, plus any applicable VAT, shall be reimbursed as follows:

Travelling expenses

Travelling expenses shall be reimbursed upon production of invoices and/or tickets. For travels by air, the fare of a business class ticket will be reimbursed. Necessary transfers by taxi will be reimbursed upon submission of the receipts.

Per diem

The expenses incurred by an arbitrator for a meeting in connection with an arbitration will be reimbursed by a flat per diem of €150 per day and arbitrator. The per diem does not include expenses incurred for accommodation at or travelling to the place of the meeting.

Accommodation expenses

If an arbitrator requires accommodation in connection with a journey occasioned by an arbitration, such accommodation costs are reimbursed at a flat rate of €250. Upon submission of an invoice and/or receipts, the actually incurred accommodation costs may be reimbursed up to the amount of €350.

Other expenses

Any other reasonable expenses relating to the arbitration (in particular, costs associated with meetings, mail and courier services, telecommunications services and photocopies) are reimbursed based on actual expenditure evidenced by invoices and/or receipts.

TABLE (2) ARBITRATORS' FEES

Amount in dispute	Sole Arbitrator or Chair Up to	Co-arbitrator Up to
Up € 50,000	€ 2,000	€1,250
€ 50,001 - € 100,000	€ 3,000	€1,750
€ 100,001 - € 500,000	€ 5,000	€2,500
€ 500,001 - € 1,000,000	€ 12,000	€6,000
€ 1,000,001 - € 5,000,000	Minimum € 200 and maximum €400 per hour	Minimum € 200 and maximum €400 per hour
€ 5,000,001 - € 10,000,000	Minimum € 200 and maximum €500 per hour	Minimum € 200 and maximum €500 per hour
€ 10,000,000 and above	Minimum € 200 and maximum €600 per hour	Minimum € 200 and maximum €600 per hour

VAT is payable at the appropriate rate, where applicable

The request for arbitration should be sent to:

CEDRAC

6, Diogenous Str., Engomi, P.O. Box: 22006, 1516 Nicosia-Cyprus, www.cedrac.org

Registration Fee

Under the CEDRAC Rules the filing fee is as per the Schedule of Costs p. 25 and any applicable VAT rate.

VAT is not applicable for companies with seat outside Cyprus.

The filing fee should be paid to:

Provided upon request