



# Rules Of Arbitration

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**TEHRAN REGIONAL  
ARBITRATION CENTRE**

Established under the Auspices of the  
Asian-African Legal Consultative Organization



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## TABLE OF CONTENTS

Foreword	4
TRAC Standard Arbitration Clause	7
Rules of Arbitration	8
Section I: General Provisions	8
Article 1. Scope of Application	8
Article 2. Assistance by the Centre	8
Article 3. Place of Arbitration	9
Article 4. Confidentiality	9
Article 5. Notice, Calculation of Periods of Time	10
Article 6. Request for Arbitration	10
Article 7. Representation and Assistance	12
Section II: The Arbitral Tribunal	13
Article 8. Number of Arbitrators	13
Article 9. Procedure for Appointing Arbitrators	13
Article 10. Independence and Challenge of Arbitrators	16
Article 11. Replacement of an Arbitrator	17
Article 12. Repetition of Hearings in the Event of the Replacement of an Arbitrator	18
Section III: Arbitral Proceedings	18
Article 13. General Provisions	18
Article 14. Language	19
Article 15. Statement of Claim	19
Article 16. Statement of Defence	20
Article 17. Amendments to the	21

Article 18. Pleas as to the Jurisdiction of the Arbitral Tribunal	22
Article 19. Further Written Statements	22
Article 20. Periods of Time	23
Article 21. Evidence	23
Article 22. Hearings	23
Article 23. Interim Measures of Protection	25
Article 24. Experts	25
Article 25. Default	26
Article 26. Closure of Proceedings	27
Article 27. Waiver of Rules	28
Section IV: The Award	28
Article 28. Decisions	28
Article 29. Form, Effect and Notification of Award	28
Article 30. Applicable Law Amiable Compositeur	30
Article 31. Settlement or Other Grounds for Termination	30
Article 32. Interpretation of the Award	31
Article 33. Correction of the Award	31
Article 34. Additional Award	32
Section V: The Costs	32
Article 35. Decision as to Costs of Arbitration	32
Article 36. Deposit of Costs	
Appendix A- Registration Fee and Administrative Costs	34 35
Appendix B-Arbitrator's Fees	36

INTERNAL REGULATIONS	37
Article 1. Objectives	37
Article 2. Administration	37
Article 3. Arbitration Board	38
Article 4. Confidentiality	39
Article 5. Participation of the Members of the Centre in Arbitrations	40
Article 6. Modification of the Rules of Arbitration	40
Article 7. Other Rules	41
ASIAN-AFRICAN LEGAL CONSULTATIVE ORGANIZATION (AALCO)	42

## Foreword

The Tehran Regional Arbitration Centre (the "TRAC") is an independent international organization, established under the auspices of the Asian-African Legal Consultative Organization (the "AALCO"), pursuant to a resolution adopted during its Twenty-second session held in Bangkok in January 1987, and to an Agreement signed on 3 May 1997 between AALCO and the Islamic Republic of Iran. The Agreement came into force in July 2004, after being ratified by the Iranian legislative bodies. TRAC effectively commenced its activities one year later, in July 2005, and published its Rules of Arbitration on that date.

In the accomplishment of its duties, TRAC enjoys the necessary privileges and immunities as provided to an international organization. While TRAC's main duty is to organize arbitrations, the Tehran Regional Arbitration Centre is also vested with the following duties:

- Promoting international commercial arbitration in the region;
- Coordinating activities of, and providing assistance to, existing arbitration institutions in the region;
- Providing assistance to ad hoc arbitrations, in particular, in proceedings subject to the UNCITRAL Arbitration Rules;

- Providing assistance with regards to the enforcement of arbitral awards; and,
- Conducting arbitration proceedings under the auspices of the TRAC.

TRAC Rules of Arbitration (the “Rules”) are essentially based on the UNCITRAL Rules of Arbitration. However, certain aspects of the UNCITRAL Arbitration Rules have been modified and adapted to the institutional character of arbitrations conducted under these Rules. The Rules recognize the largest possible freedom for parties in order to determine the number of arbitrators, appoint the arbitrator of their choice and define the procedure for their appointment. The parties would also be free to select the seat of arbitration, the procedural rules and the substantive law that may be applied by the arbitrators. The Interventions of TRAC are limited to the extent necessary to assisting the efficiency of the proceedings.

To enhance the quality of proceedings that will be conducted under these Rules and to enforce a strict standard of independence and impartiality in the implementation of the Rules, TRAC has established an Arbitration Board, governed by TRAC’s Internal Regulations, (the “Internal Regulations”).

Considering its central position in the South West Asia and the Persian Gulf, TRAC is a favorable organization for international arbitration.

TRAC offers a range of institutional support as a neutral, independent and international organization for the conduct of domestic and international arbitral proceedings. In recent years, TRAC's arbitration clause international contracts stemming from different industrial and economic sectors such as, Oil and Gas, Banking and Finance, Export Credits, Telecommunications, Construction and Industrial plants.

Dr. Oveis Rezvanian  
Director

## TRAC Standard Arbitration Clause

TRAC recommends the insertion of the following standard clause to all parties wishing to submit their disputes to the TRAC Rules of Arbitration:

*"Any and all disputes arising out of, relating to or in connection with the present contract shall be finally settled under the Rules of Arbitration of Tehran Regional Arbitration Centre (TRAC)."*

The parties may also wish to indicate in the arbitration clause the law that shall be applied by the arbitrator(s), and whether the dispute shall be decided by one or three arbitrators.

# TEHRAN REGIONAL ARBITRATION CENTRE

## RULES OF ARBITRATION

### Section I: General Provisions

#### Article 1. Scope of Application

1.1. Where the parties have agreed in writing that their disputes shall be referred to arbitration under the Rules of Arbitration of the Tehran Regional Arbitration Centre (hereinafter referred to as the Rules), then such disputes shall be settled in accordance with the Rules, subject to such modification as the parties may agree in writing. Reference made to arbitration by the Tehran Regional Arbitration Centre (hereinafter the Centre) shall be deemed as an agreement by the parties to submit to the Rules.

1.2. The Rules shall govern the arbitration. In the event that any of the Rules is in conflict with a provision of the law applicable to the arbitration from which the parties cannot derogate, that provision shall prevail.

#### Article 2. Assistance by the Centre

2.1. The Centre shall provide necessary assistance to the parties for the arbitration pursuant to the Rules.

2.2. The Centre shall perform its duties in conformity with the Internal Regulations, which form an integral part of the Rules.

## Article 3. Place of Arbitration

3.1. Unless otherwise agreed by the parties, the place of arbitration shall be Tehran.

3.2. (a) The arbitration shall take place and the parties shall be heard at the place of arbitration.  
(b) The Arbitral Tribunal may however meet at any place it deems appropriate for consultation between the arbitrators, for the inspection of goods, property or documents, as well as for hearing witnesses, in the event that such hearing at the place of arbitration is not practicable.

3.3. Sufficient advance notice shall be given to the parties to enable them to be present at the inspection or witness hearing.

3.4. The Award shall be deemed to have been made at the place of arbitration.

## Article 4. Confidentiality

The arbitration conducted under the Rules is confidential. The parties, including counsel and experts appointed by them, the arbitrators, the Arbitral Tribunal's appointed experts and secretaries, as well as the Centre, undertake not to disclose to third parties any documents, facts or other information relating to the dispute or the arbitration proceedings. They shall refrain from publishing or causing others to publish the Award, unless the parties to the arbitration agree to such publication.

## Article 5. Notice, Calculation of Periods of Time

5.1. For the purposes of the 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, 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.

5.2. For the purposes of calculating a period of time under the 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 that follows. Official holidays or non-business days occurring during the running of the period of time are included in calculating the period.

## Article 6. Request for Arbitration

6.1. The party wishing to initiate arbitration under the Rules shall deliver its Request for Arbitration to the Centre.

6.2. The arbitration proceedings shall be deemed to commence on the date on which the Centre receives the Request for Arbitration.

6.3. 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 Centre, and shall include the following:

(a) A demand that a dispute be referred to arbitration;

(b) The full names and addresses, telephone and fax numbers and e-mail addresses of the parties;

(c) A reference to the arbitration clause or the separate arbitration agreement that is invoked;

(d) A copy of the contract or the document 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;

(h) The notification of the appointment of an arbitrator referred to in Article 9.1 (a) and a copy of the letter whereby he accepts to act as arbitrator, when the parties have previously agreed that three arbitrators shall be appointed.

(i) Proof of payment of the Registration Fee.

6.4. The Request for Arbitration may also include:

(a) The proposal for the appointment of a sole arbitrator;

(b) The Statement of Claim referred to in Article 15.

6.5. If the Request for Arbitration is incomplete, or if the copies or attachments thereof are not submitted in the required number, or if the Registration Fee is not paid, the Centre will request the Claimant to remedy the defects within an appropriate period of time fixed by it. The Centre may also request within such time limit a translation of the Request for Arbitration if it is not submitted in English. If the Claimant complies with such directions within the time limit, the Request for Arbitration shall be deemed to have been validly filed on the date when the Request for Arbitration was received by the Centre.

6.6. The Centre shall provide without delay a copy of the Request for Arbitration and of any exhibits included therein to the Respondent.

## Article 7. Representation and Assistance

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

## Section II: The Arbitral Tribunal

### Article 8. Number of Arbitrators

If the parties have not previously agreed on the number of arbitrators, 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, or the Centre has not determined that the nature of the dispute requires the appointment of a sole arbitrator, three arbitrators shall be appointed.

### Article 9. Procedure for Appointing Arbitrators

9.1. Unless otherwise agreed by the parties, the procedure for appointment of the arbitrators shall be as follows:

(a) In an arbitration with three arbitrators, the Claimant and the Respondent shall each appoint one arbitrator and the two arbitrators thus appointed shall appoint the President. If the Respondent fails to appoint an arbitrator and secure his acceptance within thirty (30) days from receipt of the Request for Arbitration, or if, in the absence of a previous agreement on the number of arbitrators, the parties do not agree within fifteen (15) days from the receipt of the Request for Arbitration by the Respondent that there shall be only one arbitrator, and a party fails to appoint an arbitrator and secure his acceptance within thirty (30) days from that date, or if the appointed arbitrators fail to agree on the appointment of the President and secure his acceptance within thirty (30) days after their

date of appointment, the arbitrator of the defaulting party or the President, as the case may be, shall be appointed by the Centre.

(b) In an arbitration with a sole arbitrator, the parties shall appoint the sole arbitrator by mutual consent, within thirty (30) days from the receipt of the Request for Arbitration by the Respondent or from the date on which the parties have agreed or the Centre has determined that a sole arbitrator shall be appointed. If the parties fail to agree, the sole arbitrator shall be appointed by the Centre.

9.2. Where, under an appointment procedure agreed upon by the parties, a party fails to act as required, or the parties or their appointed arbitrators are unable to reach an agreement under such procedure, or a third party, whether a natural or judicial person, fails to perform any function entrusted to it under such procedure, any party may request the Centre to make that appointment, unless another procedure has been agreed upon by the parties.

9.3. When appointing arbitrators, the Centre shall have due regard to the qualifications required from the arbitrators in conformity with the agreement of the parties and shall seek to secure the independence and impartiality of the arbitrator. In any event, the President shall be appointed from amongst nationals of a third country and the arbitrator of the defaulting party shall not be appointed from amongst nationals of the country of the other party.

9.4. Where the parties have undertaken, in the arbitration agreement, that in case a dispute arises, a certain person or persons shall arbitrate and such person or persons are unwilling or unable to act as arbitrators, the Centre may appoint substitute arbitrator(s) at the request of either party within thirty (30) days from the notification of the first request.

9.5. Unless otherwise agreed by the parties, in cases where the arbitration comprises more than two parties and the dispute is not to be referred to a sole arbitrator, the arbitrators shall be appointed as follows:

(a) The Claimant shall appoint one arbitrator; and where there is more than one Claimant, they shall jointly appoint one arbitrator. The arbitrator of the Respondent or Respondents shall also be appointed in the same manner.

(b) If the Claimants or Respondents do not reach agreement on their respective arbitrators, the arbitrator for either one of the parties shall be appointed by the Centre.

(c) The president shall be appointed by the two arbitrators and in case they do not reach agreement, the president shall be appointed by the Centre.

(d) Other matters concerning multi-party arbitrations, including challenge and default, shall be subject to the rules established for bipartite arbitrations.

## Article 10. Independence and Challenge of Arbitrators

10.1. A prospective arbitrator shall disclose to those who approach him in connection 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 and to the Centre. All arbitrators conducting an arbitration under the Rules shall remain at all times impartial and independent of the parties.

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

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

10.4. A party who intends to challenge an arbitrator shall send notice of his challenge to the Centre within thirty (30) days after notice receiving of the appointment of the said arbitrator or within thirty (30) days after the circumstances mentioned in Articles 10.2 and 10.3 become known to that party. A copy of the said notice shall be sent to the other party, to the arbitrator who is challenged and to the other members of the Arbitral Tribunal.

10.5. The notification shall be in writing and shall state the reasons for the challenge.

10.6. 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 Article 9 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.

10.7. If, within fifteen (15) days from the receipt of the notification of challenge, the other party does not agree to the challenge and the challenged arbitrator does not withdraw, the decision on the challenge shall be made by the Centre.

10.8. If the Centre sustains the challenge, a substitute arbitrator shall be appointed or chosen pursuant to the procedure provided for in Article 9 that was applicable to the appointment or choice of the arbitrator being challenged.

## Article 11. Replacement of an Arbitrator

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

11.2. 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 Articles shall apply.

## Article 12. Repetition of Hearings in the Event of the Replacement of an Arbitrator

If under Articles 10 and 11, the sole or presiding arbitrator is replaced, any hearings held previously with respect to matters that have not been already decided in a final decision shall be repeated, unless the parties agree otherwise; if any other arbitrator is replaced, such prior hearings may be repeated at the discretion of the Arbitral Tribunal.

### Section III: Arbitral Proceedings

#### Article 13. General Provisions

13.1. Subject to the 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.

13.2. 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.

13.3. At an early stage of the arbitration proceedings and in consultation with the parties, the Arbitral Tribunal shall prepare a

provisional timetable for the arbitration proceedings, which shall be provided to the parties and to the Centre.

13.4. All documents or information submitted to the Arbitral Tribunal by one party shall at the same time be communicated by that party to the other party and to the Centre.

## Article 14. Language

14.1. Subject to an agreement by the parties, the Arbitral Tribunal shall, promptly after its constitution, determine the language or languages to be used in the proceedings. This determination shall apply to the Statement of Claim, the Statement of Defence, any further written statements, and hearings, if any.

14.2. 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.

## Article 15. Statement of Claim

15.1. 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, each of the arbitrators and to the Centre. A copy of the contract and of the arbitration agreement, if not contained in the contract, shall be annexed thereto.

15.2. 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.

15.3. 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.

## Article 16. Statement of Defence

16.1. 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, to each of the arbitrators and to the Centre.

16.2. The Statement of Defence shall reply to the particulars (b), (c) and (d) of the Statement of Claim referred to in Article 15, paragraph 2, and to the evidence. The Respondent may annex to his Statement all documents on which he relies for his defence or may add a reference to the documents or other evidence he will submit.

16.3. In his Statement of Defence, or at a later stage in the arbitration 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.

16.4. The provisions of Article 15, paragraph 2, shall apply to a counter-claim and a claim relied on for the purpose of a set-off.

16.5. If the Respondent has raised an objection to the jurisdiction or to the proper constitution of the Arbitral Tribunal, the Statement of Defence shall contain the factual and legal bases of such objection.

## Article 17. Amendments to the Claim or Defence

17.1. During the course of the arbitration 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 the prejudice to the other party. However, a claim, counter-claim or defence may not be amended in such a manner that it falls outside the scope of the arbitration clause or the separate arbitration agreement.

17.2. The Arbitral Tribunal may adjust the costs of the arbitration if a party amends or supplements his claims, counter-claims or defences.

## Article 18. Pleas as to the Jurisdiction of the Arbitral Tribunal

18.1. The Arbitral Tribunal shall have the power to rule on objections regarding its lack of jurisdiction, including any objections with respect to the existence or validity of the arbitration clause or of the separate arbitration agreement.

18.2. 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 this Article, an arbitration clause which forms part of a contract and which provides for arbitration under the 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.

18.3. 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.

18.4. Unless otherwise agreed by the parties, the Arbitral Tribunal shall, in general, rule on a plea concerning its jurisdiction in an Interim Award.

## Article 19. 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.

## Article 20. 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 in general not exceed forty-five ( 45) days, unless longer periods of time are considered justified by the Arbitral Tribunal under the circumstances of the case and, in particular, the complexity of issues involved.

## Article 21. Evidence

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

21.2. 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 at issue set out in his Statement of Claim or Statement of Defence.

21.3. At any time during the arbitration 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.

## Article 22. Hearings

22.1. The Arbitral Tribunal may decide the case solely on the basis of documents submitted by the parties, unless any of the parties requests a hearing.

22.2. In the event of a hearing, the Arbitral Tribunal shall give the parties adequate advance notice of the date, time and place thereof.

22.3. If witnesses are to be heard, at least fifteen (15) days before the hearing each party shall communicate to the Arbitral Tribunal and to the other party the names and addresses of the witnesses or expert witnesses he intends to present, the subject upon and the languages in which such witnesses will give their testimony.

22.4. 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 (15) days before the hearing.

22.5. 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 shall be free to determine the manner in which witnesses are examined.

22.6. Evidence may also be presented in the form of written statements signed by witnesses. Each witness who has submitted a written statement shall appear for testimony at a hearing, unless the parties agree otherwise. If a witness who has submitted a written statement does not appear at a hearing for testimony without a valid reason, the Arbitral Tribunal shall disregard that written statement unless, in

exceptional circumstances, the Arbitral Tribunal determines otherwise.

22.7. The Arbitral Tribunal shall determine the admissibility, relevance, materiality and weight of the evidence offered.

## Article 23. Interim Measures of Protection

23.1. At the request of either party, the Arbitral Tribunal may order any interim measures it deems necessary or appropriate 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.

23.2. Such interim measures may be established in the form of an Interim Award. The Arbitral Tribunal shall be entitled to require the provision of security for costs from the party requesting such measures.

23.3. 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.

## Article 24. Experts

24.1. The Arbitral Tribunal, after consulting with the parties, 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 and to the Centre.

24.2. 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 controversy between a party and the expert as to the relevance of the required information or production shall be referred to the Arbitral Tribunal for decision. The expert shall invite a representative of each party to attend any site inspection, and, when the arbitral tribunal so determines, a representative of each party shall be invited to attend other inspections made by the expert.

24.3. 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.

24.4. 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 Article 22 shall be applicable to such proceedings.

## Article 25. Default

25.1. If, within the period of the 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 termination of the arbitration proceedings. If, within the period of time fixed by the Arbitral Tribunal, the

Respondent has failed to communicate his Statement of Defence without showing sufficient cause for such failure, the Arbitral Tribunal shall order that the proceedings continue.

25.2. The provisions of Article 25.1 shall apply *mutatis mutandis* to the Statement of Counterclaim and Defence to the Counterclaim.

25.3. If one of the parties, duly notified under the Rules, fails to appear at a hearing without showing sufficient cause for such failure, the Arbitral Tribunal may proceed with the arbitration.

25.4. 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 shall take note of this failure in making the Award.

## Article 26. Closure of Proceedings

26.1. When it is satisfied that the parties have had a reasonable opportunity to present their case, the Arbitral Tribunal shall declare the proceedings closed.

26.2. 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 proceedings at any time before the Award is made.

## Article 27. Waiver of Rules

A party who knows that any provision of, or requirement under, the 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.

## Section IV: The Award

### Article 28. Decisions

28.1. When there are three arbitrators, any Award or other decision of the Arbitral Tribunal shall be made by a majority of the arbitrators.

28.2. 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.

### Article 29. Form, Effect and Notification of the Award

29.1. In addition to making a Final Award, the Arbitral Tribunal shall be entitled to make Interim or Partial Awards.

29.2. The Award shall be made in writing and shall be final and binding on the parties. The parties undertake to carry out the Award in good faith and without delay. By submitting the dispute to arbitration under the Rules, the parties shall be deemed to have waived their right to any form of recourse insofar as such waiver can validly be made.

29.3. 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. Any arbitrator may request that his dissenting vote or his dissenting vote and the reasons therefore be recorded.

29.4. The Arbitral Tribunal shall in any event make every effort to make sure that the Award is enforceable at law.

29.5. Before signing the Award, the Arbitral Tribunal shall submit the draft Award to the Centre for review as to the form and for consultation on the decision as to the assessment of the costs. The Centre may, where necessary, 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.

29.6. The Award shall be signed by the arbitrators and shall contain the date and place where the Award is deemed to have been made. Where there are three arbitrators and one of them fails to sign, the Award shall state the reasons for this absence of the signature.

29.7. Once an Award has been made, the Centre shall notify to the parties the text signed by the Arbitral Tribunal, provided always that the costs of the arbitration have been fully paid to the Centre by the parties or by one of them. Additional certified copies shall be made available by the Centre on request, solely to the parties. An original of each Award made in accordance with the Rules shall be deposited with the Centre.

29.8. The Award may be made public only with the consent of both parties.

29.9. The Centre shall assist the parties in complying with further legal or administrative formalities that may be necessary.

## Article 30. Applicable Law, Amiable Compositeur

30.1. The Arbitral Tribunal shall decide the case in accordance with 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 determined by the conflict of laws rules that it considers applicable.

30.2. 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 arbitration proceedings permits such arbitration.

30.3. In all cases, the Arbitral Tribunal shall decide the case in accordance with the terms of the contract, taking into account the trade usages applicable to the transaction.

## Article 31. Settlement or Other Grounds for Termination

31.1. If, before the Award is made, the parties agree to settle the dispute, the Arbitral Tribunal shall either issue an order for the termination of the arbitration proceedings or, if requested by both parties, record the settlement in the form of an Award on Agreed Terms.

The Arbitral Tribunal is not obliged to give reasons for such an Award.

31.2. If, before the Award is made, the continuation of the arbitration proceedings becomes unnecessary or impossible for any reason not mentioned in paragraph 1 of this Article, the Arbitral Tribunal shall, after consultation with the Centre, 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.

31.3. Copies of the order for termination of the arbitration proceedings, or of the Award on Agreed Terms, signed by the arbitrators, shall be communicated by the Arbitral Tribunal to the parties. In both instances the provisions of Article 29, paragraphs 2 and 4 to 9, shall apply.

## Article 32. Interpretation of the Award

32.1. 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.

32.2. 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 29, paragraphs 2 to 9, shall apply.

## Article 33. Correction of the Award

33.1. 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 of similar nature. The Arbitral Tribunal may within thirty (30) days after the communication of the Award make such corrections on its own initiative.

33.2. Such corrections shall be in writing, and the provisions of Article 29, paragraphs 2 to 9, shall apply.

## Article 34. Additional Award

34.1. Within thirty (30) days after the receipt of the Award, either party, with notice to the other party, may request the Arbitral Tribunal to make an Additional Award as to the claims presented in the arbitration proceedings but omitted from the Award.

34.2. 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.

34.3. When an Additional Award is made, the provisions of Article 29, paragraphs 2 to 9, shall apply.

## Section V: The Costs

### Article 35. Decision as to Costs of Arbitration

35.1. The Award shall, in addition to dealing with the merits of the case, fix the costs of arbitration and decide which of the parties shall bear the

costs or in what proportions the costs shall be borne by the parties .

35.2. The costs of arbitration shall in principle be borne by the unsuccessful party. However, the Arbitral Tribunal may apportion such costs between the parties if it determines that apportionment is reasonable, taking into account the circumstances of the case.

35.3. The costs of the arbitration shall include the arbitrators' fees and the administrative costs fixed by the Centre in accordance with Appendices A and B of the Rules, the expenses, if any, of the arbitrators, the fees and expenses of any experts, and the reasonable legal costs incurred by the parties.

35.4. The Centre may fix the arbitrators' fees at a figure higher or lower than that which would result from the application of the attached Appendix B, if it may be justified by the exceptional circumstances of the case.

35.5. When the Arbitral Tribunal issues an order for the termination of the arbitration proceedings or makes an Award on Agreed Terms, it shall fix the costs of arbitration referred to in Article 35, paragraph 1, in the text of that order or Award.

35.6. No additional fees may be charged by the Centre or the Arbitral Tribunal for interpretation or correction or completion of its Award under Articles 32 to 34.

## Article 36. Deposit of Costs

36.1. The Centre may request each party to deposit an equal amount as an advance for the costs referred to in Article 35, paragraph 3, before the establishment of the Arbitral Tribunal.

36.2. Where, apart from the claims, counter-claims are submitted, the Centre may, at the request of either of the parties, fix separate advances on cost for the claims and counterclaims.

36.3. During the course of the arbitration proceedings, the Centre may request supplementary deposits from the parties.

36.4. If the required deposits are not paid in full within thirty (30) days after the receipt of the request, the Centre shall so inform the parties in order that one or another of them may make the required payment. If the payment is not made, the Centre may order the suspension or termination of the arbitration proceedings with respect to the claims and/or counter-claims, as the case may be.

36.5. Where one of the parties claims a right to a set-off with regard to either claims or counter-claims, the Centre shall take such set-off into account in determining the advance to cover the costs of arbitration in the same way as a separate claim insofar as it may require the Arbitral Tribunal to consider additional matters.

36.6. After the Award has been made, the Centre shall render an accounting to the parties of the deposits received and return the unexpended balance, if any, to the parties.

## Appendix A: Registration Fee and Administrative Costs

1. Registration Fee: Euros 500.00
2. Administrative Costs

Amount in Dispute (in Euro)	Administrative Costs
Up to 50,000	3% with a minimum of Euros 500
From 50,001 up to 100,000	1,500 + 2% of excess over 50,000
From 100,001 up to 500,000	2,500 + 1% of excess over 100,000
From 500,001 up to 1,000,000	6,500 + 0.80% of excess over 50,000
From 1,000,001 up to 2,000,000	10,500 + 0.40% of excess over 500,000
From 2,000,001 up to 5,000,000	14,5000 + 0.15% of excess over 2,000,000
More than 5,000,000	19,000 + 0.10% of excess over 5,000,000 Up to a limit of Euros 60,000.

## Appendix B: Arbitrator's Fees

### Schedules of fees for one arbitrator

Amount in Dispute (in Euro)	Minimum	Maximum
Up to 50,000	1,000 €	11.00%
From 50,000 to 100,000	2.00%	7.00%
From 100,001 to 500,000	1%	4.00%
From 500,001 to 1,000,000	0.75%	2.50%
From 1,000,001 to 5,000,000	0.50%	1.00%
From 5,000,001 to 10,000,000	0.10%	0.50%
From 10,000,001 to 50,000,000	0.05%	0.15%
From 50,000,001 to 100,000,000	0.03%	0.10%
Over 100,000,001	0.01%	0.05%

# TEHRAN REGIONAL ARBITRATION CENTRE

## INTERNAL REGULATIONS

### Article 1. Objectives

The Tehran Regional Arbitration Centre (hereinafter referred to as the Centre) is established pursuant to the Agreement (the Agreement) dated 3 May 1997, between the Islamic Republic of Iran and the Asian-African Legal Consultative Organization (hereinafter referred to as AALCO) and its objectives are as follow:

- i. Conducting arbitration under the auspices of the Centre.
- ii. Promotion of international commercial arbitration in the region;
- iii. Coordinating the activities of, and offering assistance to, the existing arbitration institutions in the region;
- iv. Providing assistance to *ad hoc* arbitrations, including acting as appointing authority, particularly in cases where they are taking place in accordance with the UNCITRAL Rules; and
- v. Providing assistance in the enforcement of arbitral awards;
- vi. Providing assistance in the settlement of disputes.

### Article 2. Administration

2.1. The Centre shall be administered by a Director who shall be appointed in accordance with the Agreement.

2.2. The Director shall have all necessary powers for the application of the Rules of Arbitration and the Internal Regulations. He shall be assisted in his works by a Secretariat.

2.3. The Director shall implement the Rules of Arbitration and the Internal Regulations with independence and impartiality, and shall consult with the Arbitration Board, on all matters relating to the implementation of the Rules of Arbitration and especially its Articles 10 ,9 and 11, as well as on other matters provided for under the Internal Regulations.

2.4. Decisions on a challenge of an arbitrator pursuant to Article 10.7 of the Rules of Arbitration shall be made by a committee comprising three members of the Arbitration Board. The members of the committee shall be appointed by the Director. They shall be independent from the parties and the arbitrators involved.

### Article 3. Arbitration Board

3.1. The Arbitration Board shall consist of qualified lawyers of high standing and integrity with experience in international arbitration.

3.2. Members of the Arbitration Board shall be appointed by the Director, after consultation with the Secretary General of the AALCO. Members of the Arbitration Board may be appointed up to one third from amongst nationals of countries other than the member States of the AALCO.

3.3. Members of the Arbitration Board shall be appointed for three years. If a member resigns or is no longer in a position to exercise his functions, his successor shall be appointed in accordance with the above paragraph for the remainder of the term.

## Article 4. Confidentiality

4.1. The Director, the members of the Secretariat and the members of the Arbitration Board shall respect the confidential nature of the work of the Centre and the documents submitted by the parties or the arbitrators in relation to cases administered under the auspices of the Centre. They shall in particular refrain from disclosing any information or document that has been communicated to them in connection with their duties under the Rules of Arbitration or the Internal Regulations.

4.2. For the purposes of promoting international arbitration, the Centre may publish with the consent of the parties, the full text of the Awards, or their extracts, after having deleted the names and other such references that may give an indication as to the identity of the parties. Business secrets shall also be deleted in case of publication of Awards.

## Article 5. Participation of the Members of the Centre in Arbitrations

5.1. The Director and the members of the Secretariat shall not act as arbitrator or as counsel in cases submitted to the Centre.

5.2. The Centre shall not appoint members of the Arbitration Board as arbitrator.

5.3. Members of the Arbitration Board may however be appointed by either of the parties as counsel or arbitrator. In such events, and more generally when a member of the Arbitration Board is involved in any capacity in proceedings pending before the Centre, he shall immediately inform the Director of such involvement, and shall refrain from participating in the discussions or in the recommendations of the Arbitration Board concerning such proceedings. He shall further refrain from participating in the meetings of the Arbitration Board whenever matters in relation to those proceedings are discussed and shall not receive any documentation or information pertaining to such proceedings.

## Article 6. Modification of the Rules of Arbitration

Whenever necessary, the Director may, after consultation with the Arbitration Board, suggest modifications to the Rules of Arbitration or the Internal Regulations. The modifications shall be submitted to the Secretary General of the AALCO and shall become effective after his approval.

## Article 7. Other Rules

The Director may, in consultation with the Arbitration Board and the Secretary General of the AALCO, prepare rules for alternative dispute resolution mechanisms.

## ASIAN-AFRICAN LEGAL CONSULTATIVE ORGANIZATION (AALCO)

The Asian-African Legal Consultative Organization (AALCO), originally known as the Asian Legal Consultative Committee (ALCC) was constituted on 15 November 1956. It is considered to be a tangible outcome of the historic Bandung Conference, held in Indonesia, in April 1955. Seven Asian States, namely Burma (now Myanmar), Ceylon (now Sri Lanka), India, Indonesia, Iraq, Japan, and the United Arab Republic (now Arab Republic of Egypt and Syrian Arab Republic) are the original Member States.

Forty-seven countries comprising almost all the major States from Asia and Africa are presently the Members of the Organization. These countries are: Arab Republic of Egypt; Bahrain; Bangladesh; Brunei Darussalam; Botswana; Cameroon; Cyprus; Democratic People's Republic of Korea; Gambia; Ghana; India; Indonesia; Iraq; Islamic Republic of Iran; Japan; Jordan; Kenya; Kuwait; Lebanon; Libya; Malaysia; Mauritius; Mongolia; Myanmar; Nepal; Nigeria; Oman; Pakistan; People's Republic of China; Qatar; Republic of Korea; Saudi Arabia; Senegal; Sierra Leone; Singapore; Somalia; South Africa, Sri Lanka; State of Palestine; Sudan; Syria; Tanzania; Thailand; Turkey; Uganda; United Arab Emirates; and Republic of Yemen. One of the major achievements of AALCO in its programme in the economic field is Settlement of Disputes in the Economic and Commercial Transactions in 1978. Pursuant to

that Scheme, it was decided to establish Regional Arbitration Centres under the auspices of AALCO, which would function as international institutions with the objectives to promote international commercial arbitration in the Asian-African regions and provide for conducting international arbitrations under these Centres.

Four such Centres have been established so far, which are located at Cairo (Arab Republic of Egypt), Kuala Lumpur (Malaysia), Lagos (Nigeria) and Tehran (Islamic Republic of Iran). The respective hosts Governments recognize their independent status like an international organization and have accorded privileges and immunities to these Centres.