

# **Permanent Arbitration Institution - Dispute Resolution Center**

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# **Permanent Arbitration Institution - Dispute Resolution Center**

## **Arbitration Rules (DRC Statute)**

### Chapter I. General Provisions

#### Article 1. Dispute Resolution Center

- 1.1. Permanent Arbitration Institution, Dispute Resolution Center (hereinafter “DRC”) is an organization created by Business Association of Georgia (a non-entrepreneurial (non-commercial) legal entity) and professionals, to administer international and local arbitration cases according to DRC rules and procedures.
- 1.2. Arbitration dispute is examined by the Tribunal, created for the purposes of examining specific disputes.
- 1.3. DRC functions with the help of the court, directorate, and Secretariat. Structure, functions and responsibilities of DRC are stipulated through its charter as well as these arbitration rules (hereinafter “Statute”).

#### Article 2. Scope of Application

- 2.1. The Tribunal shall examine disputes pursuant to DRC Statute, if parties agree on the following:
  - (a) Dispute is examined in accordance with DRC Statute;
  - (b) Dispute is examined by DRC, or the clause of similar nature.
- 2.2. DRC shall examine disputes even if arbitration agreement of the parties was made through exchange of memorials.
- 2.3. If, in line with Articles 2.1 and 2.2 parties agree for the dispute to be examined by the DRC, it means this Statute is part of Arbitration Agreement between parties.
- 2.4. DRC Statute shall not be used if parties agree on arbitration using UNCITRAL arbitration rules (arbitration rules adopted by the United Nations Commission on International Trade Law) or in accordance with the other rules agreed by the parties.
- 2.5. Where arbitration proceeds according to UNCITRAL or any other rules, DRC performs the function of the competent agency.
- 2.6. During arbitration proceedings DRC shall act based on arbitration agreement between parties, this Statute, internal regulations described in this Statute, and Arbitrator Code of Ethics developed by the Georgian Association of Arbitrators.
- 2.7. The Statute is effective as of June 1, 2016.
- 2.8. Arbitration shall proceed based on the edition of the Statute, effective for the moment of commencement of arbitration.

### Article 3. Interpretation of the Statute

- 3.1. DRC may interpret any clause of this Statute on its own initiative, or as per request of one of the parties. Tribunal may interpret clauses concerning rights and responsibilities of the Tribunal. Where collisions between interpretations arise, interpretation of the Tribunal takes precedence.
- 3.2. Decisions made by DRC based on this Statute shall be final.
- 3.3. Reference to DRC in the given Statute shall mean DRC structural unit and/or authorized person, specially created or appointed to perform functions outlined in this Statute.
- 3.4. Terms used in the Statute have the following meaning:
  - (a) DRC, Permanent Arbitration Institution: Ltd Dispute Resolution Center (TIN 20454734)
  - (b) DRC Court: court – unit of Dispute Resolution Center, which administers arbitration and award-making by the Tribunal.
  - (c) Tribunal, arbitration: arbitrator or arbitrators appointed or approved for the purpose of examining dispute, and rendering award.
  - (d) General Secretary: Head of DRC Secretariat.
  - (e) Claimant(s): person(s) approaching DRC for arbitration and stating requests to be met by arbitration award.
  - (f) Respondent(s): person(s) against which the claimant raises requests.
  - (g) Party or parties: claimant(s), respondent(s), or third parties.
  - (h) Witness: party (parties) testifying on factual circumstances of the dispute.
  - (i) Expert: person(s) with specific knowledge.
  - (j) Claim or counterclaim: statement of the claimant covering requests towards respondent.
  - (k) Answer to the claim: response to the claim or counterclaim.
  - (l) Arbitration award: partial or final award of the Tribunal rendered during the process of arbitration.
  - n) insurance disputes: disputes arising out of or in connection with the Insurance Agreement.

### Article 4. DRC Court

- 4.1. DRC court itself does not resolve disputes. It administers the resolution of disputes by arbitral Tribunals, and:

- 4.1.1. Assists with formation of the Tribunal;
  - 4.1.2. Makes decisions on replacement of the arbitrator;
  - 4.1.3. Formally examines arbitration award;
  - 4.1.4. Approves award of the Tribunal;
  - 4.1.5. Maintains documents.
- 4.2. DRC court makes its decisions based on regulations of Annex 1.
- 4.3. DRC Court is assisted by DRC Secretariat (hereinafter, "Secretariat"), under the leadership of the general secretary.

## Article 5. Notices and Communications with Parties

- 5.1. All notification and communication shall be made in writing, except for case described under Article 5.6. Notification (communication) shall be made using a format allowing record of the delivery date, or confirmation of receipt.
- 5.2. Any notification or postings (documents) shall be deemed received, when submitted to the recipient or its representative in person, through postal system or courier service to:
- a) Legal, residential or business address indicated in written documents submitted to arbitration, or
  - b) Address indicated within the Arbitration Agreement between parties, in case of absence of information under section (a) of this clause; or
  - c) Latest legal, residential, or business address of the recipient (in case of legal entity and sole proprietor – address registered under entrepreneurial registrar) known to DRC, in case of absence of information under sections (a) and (b) of this clause.
- 5.3. Notification/posting can be made through e-mail or other communication means, allowing confirmation for delivery or attempt of delivery, including on the date of information delivery:
- (a) Fax number or e-mail (or equivalent) indicated in the documents submitted to Arbitration; or
  - (b) Fax number of e-mail (or equivalent) indicated within the Arbitration Agreement between parties, in case of absence of information under section (a) of this clause; or
  - (c) Latest fax number of e-mail (or equivalent) of the recipient (in case of legal entity and sole trader – fax number of e-mail (or equivalent) registered under entrepreneurial registrar) known to DRC, in case of absence of information under sections (a) and (b) of this clause.
- 5.4. Notification/posting shall be considered delivered as per Article 5.2 on the day of handover, or on the day of attempt of handover. Notification delivered to the address under article 5.2, sections (a) or (b) shall be deemed delivered, regardless of whether receiver was authorized to receive notification on behalf of the recipient, or to hand it over.

Electronic notification shall be deemed delivered on the day of sending, except when delivery failure notice is bounced back to the sender using the same electronic mean.

- 5.5. During the process of arbitration, all written documents shall be submitted to the Secretariat and supplied in a number of copies sufficient to provide one copy for each arbitrator, party, and Secretariat. A copy of any notification or communication from the arbitral Tribunal to the parties shall be sent to the Secretariat.
- 5.6. DRC may notify recipient or its representative using a phone, which will be considered as appropriate delivery, with no need for further delivery of the same information through means described in Articles 5.2 and 5.3.
- 5.7. DRC Secretariat shall decide which form of information delivery to use, which address to send it to, and is not required to observe the sequence.
- 5.8. Any notification/posting shall be deemed made when the recipient first receives notification in line with Articles 5.2., 5.3., or 5.6. For these purposes, time limit shall be set according to local time zone. When notification is sent to more than one party, it shall be deemed received by each of the parties, when it was handed to the last recipient as per Articles 5.2., 5.3., or 5.6.
- 5.9. Participant of arbitration is responsible for immediately notifying DRC Secretariat on any changes to the address (including phone, fax, e-mail) and new contact details.

## Article 6. Calculation of Time Period

- 6.1. Time period specified or fixed under this Statute shall start to run on the day following delivery of the notification. When the day next following such date is an official holiday or a non-business day in the country where the notification or communication is deemed to have been made, the period of time shall commence on the first business day following the holiday.
- 6.2. Any time period described in this Statute is calculated using calendar days.

## Chapter II. Commencing the Arbitration

### Article 7. Arbitration Claim

- 7.1. A party wishing to have recourse to arbitration under this Statute (hereinafter the Claimant), shall submit its arbitration claim to DRC Secretariat.
- 7.2. Arbitration claim shall include the following information:
  - (a) Full name and contact details (including address, phone numbers, e-mails, fax (if available) of the claimant, third parties, and their representatives (if applicable);
  - (b) A description of the nature and circumstances of the dispute giving rise to the claims and of the basis upon which the claims are made;



- (c) Evidence, supporting factual circumstances indicated by the Claimant.
- (d) A statement of the relief(s) sought by the Claimant. Where such requests can be quantified as amount, the Claimant shall indicate approximate monetary value of any claim;
- (e) Indication of terms of arbitration agreement, which the claimant uses for justification of its claim(s); copies of agreements or documents providing given arbitration agreement, or serving as a basis for the request of arbitration claimant.
- (f) Where claims are made under more than one arbitration agreement, an indication of the arbitration agreement under which each claim is made;
- (g) List of documents attached to the arbitration claim.

The claimant may submit other documents or information with the claim as it considers appropriate or may contribute to the efficient resolution of the dispute.

7.2.<sup>1</sup> Based on arbitration agreement or DRC Arbitration Rules, the party is entitled to nominate an arbitrator, her/his contact details, or the request for appointment of arbitrator together with the arbitration claim. Together with the nomination of an arbitrator, the party is obliged to submit candidate's declaration of independence and impartiality (in the form established by the DRC).

7.3. The claimant, together with submission of arbitration claim, shall pay claim registration fee.

7.4. In the event that the claim is incomplete, or fails to comply with requirements of the Statute, DRC Secretariat may fix a time limit within which the claimant must comply, failing which the file shall be closed without prejudice to the claimant's right to submit the same claims at a later date in another request.

7.5. In the event of electronic submission of the claim to the Secretariat alongside with attached documents, the claimant shall submit originals of the documents (or duly certified copies) to DRC Secretariat:

- (a) Within the time limit fixed by the Tribunal, or
- (b) Within the time limit fixed by DRC Secretariat.

7.6. DRC Secretariat, if believing requirements of this article are met, shall register arbitration claim, and transmit arbitration claim and its annex(s) to the Respondents.

## Article 8. Answer to the Arbitration Claim, Counterclaim

8.1. Within 15 (fifteen) days from the receipt of the arbitration claim, the respondent shall submit an answer to the arbitration claim (hereinafter "Answer") to DRC Secretariat. The Answer shall contain the following information:

- (a) Full name, last name and contact information (including address, phone number, e-mail) of the respondent and its representative;

- (b) Comments on the requirements of the claimant and circumstances, giving rise to claims;
- (c) List of documents attached to the answer.

The Respondent may submit other documents or information with the answer as it considers appropriate on specific facts and circumstances giving rise to the answer.

- 8.1.<sup>1</sup> Based on arbitration agreement or DRC Arbitration Rules, the party is entitled to nominate an arbitrator, her/his contact details, or the request for appointment of arbitrator together with the answer to the arbitration claim. Together with the nomination of an arbitrator, the party is obliged to submit candidate's declaration of independence and impartiality (in the form established by the DRC).
- 8.2. If the Respondent does not submit an answer to the arbitration claim, the Tribunal proceeds the arbitration. Failure to submit the answer shall not be considered as recognition of claim requirements.
- 8.3. The Respondent shall submit Answer and its annexes to the DRC Secretariat in the number of copies specified in Article 5.5.
- 8.4. DRC Secretariat, and arbitral Tribunal (if already appointed), may grant the respondent an extension of the time for submitting the answer based on a justified motion, provided that application for such extension contains proposal for nomination of the Arbitrator.
- 8.5. DRC Secretariat communicates the newer to all parties.
- 8.6. Any counterclaim is a subject to provisions of Article 7.
- 8.7. The claimant, within 15 (fifteen) days after receiving a Counterclaim, shall submit to DRC Secretariat its answer to the counterclaim, pursuant to this article. DRC Secretariat, and arbitral Tribunal, may grant the respondent an extension of time for submitting answer to the counterclaim, based on a justified motion.

## Article 9. Examination of Arbitration Agreement

- 9.1. If any party against which a claim has been made does not submit an answer, or if any party raises one or more pleas concerning the existence, validity or scope of the arbitration agreement or concerning whether all of the claims made in the arbitration may be determined together in a single arbitration, the arbitration shall proceed and any question of jurisdiction or whether the claims may be determined together in that arbitration shall be decided directly by the arbitral Tribunal, unless the Secretariat refers the matter to DRC Court for its decision pursuant to Article 9.2.
- 9.2. DRC Court shall make decision on the suspension of arbitration proceedings, only if the case does not fall under DRC jurisdiction.
- 9.3. Where the court has decided pursuant to Article 9.2. that arbitration cannot proceed in respect of any of the claims, such decision shall not prevent a party from reintroducing the same claim at a later date in other proceedings, shall the reasons for such suspension be eliminated.

- 9.4. If any of the duly informed parties fails or refuses to take part in the arbitration or any stage thereof, the arbitration shall proceed notwithstanding such refusal or failure.
- 9.5. The arbitration shall not cease to have jurisdiction by reason of any allegation that the contract is non-existent or null and void, provided that the arbitral Tribunal upholds the validity of arbitration agreement.
- 9.6. Plea on the jurisdiction of the arbitration can be submitted together with the answer, or, in case of not submitting the answer, within the timeframe allocated for its submission.
- 9.7. Statement on exceeding the jurisdiction of the arbitration shall be made within 7 days after parties receive information on relevant circumstances.
- 9.8. Statement on the jurisdiction of arbitration can be made even after the time limits fixed in Articles 9.6 and 9.7., if arbitral Tribunal decides there are legitimate reasons for such extension.

#### Article 10. Joinder of additional parties

- 10.1. Party, wishing to join additional party to the arbitration, shall submit its request for arbitration against the additional party to DRC Secretariat, pursuant to Article 7, and pay requested registration fee. The date on which the Secretariat receives the request for joinder is the date of commencement of arbitration against additional party, and is subject to provisions stipulated in Article 9. No additional party may be joined after appointment of arbitral Tribunal, unless parties, including additional party, agree otherwise. DRC Secretariat may give a time limit for parties to submit a Request for Joinder.
- 10.2. Joinder of additional parties to arbitration shall have the following preconditions: I. Existence of arbitration agreement with additional party; II. Composition of arbitral Tribunal shall not be finalized. Where such preconditions are met, DRC shall send the request for arbitration against additional parties to all parties, including additional party. Additional party shall submit an answer pursuant to Article 8.
- 10.3. Joinder of additional parties to arbitration shall have the following preconditions: I. Existence of arbitration agreement with additional party; II. Composition of arbitral Tribunal shall not be finalized. Where such preconditions are met, DRC shall send the request for arbitration against additional parties to all parties, including additional party. Additional party shall submit an answer pursuant to Article 8.

#### Article 11. More than one arbitration agreement

Claims arising out of more than one arbitration agreement may be made in a single arbitration, pursuant to Articles 9 and 23.5.

## Article 12. Consolidation

- 12.1. DRC Court may, at the request of a party, consolidate two or more arbitration claims into a single arbitration, where:
- (a) Parties agree on consolidation; or
  - (b) All of the claims are based on the same arbitration agreement; or
  - (c) Arbitration claims are based on different arbitration agreements, but arbitration proceedings are between same parties, disputes in the arbitration arise in connection with same legal relations, and DRC Court considers agreements to be compatible.
- 12.2. DRC Court, to decide on consolidation, may take into account any circumstances it deems relevant, including how far is the arbitration, whether arbitrator has been appointed, etc.
- 12.3. When arbitration cases are consolidated, they shall be consolidated into the arbitration case that started first, unless otherwise agreed by all parties.

## Chapter III. Arbitral Tribunal

### Article 13. General Provisions

- 13.1. Every arbitrator must be and remain impartial and independent of the parties involved in the arbitration.
- 13.2. Before appointment or confirmation, a prospective arbitrator shall sign a statement of acceptance, availability, impartiality and independence. He/she shall also indicate contact details, to be used for notification purposes during proceedings. Prospective arbitrator shall disclose in writing to the DRC Secretariat any facts or circumstances which might be of such a nature as to call into question the arbitrator's independence in the eyes of the parties, as well as any circumstances that could give rise to reasonable doubts as to the arbitrator's impartiality. The Secretariat shall provide such statements to other members of the Tribunal, and the parties. The Secretariat may fix a time limit for parties to comment.
- 13.3. An arbitrator shall immediately disclose in writing to the Secretariat, other members of the Tribunal, and parties of any facts or circumstances arising after composition of the Tribunal, concerning arbitrator's impartiality or independence which may arise during the arbitration.
- 13.4. None of the parties or representatives shall communicate with the Tribunal or prospective Arbitrator on the arbitration case, independent from other parties or representatives, unless the prospective arbitrator is informed on the general nature of the dispute, to examine whether he/she has sufficient time for the case, or can be independent and impartial towards parties, and meet requirements of arbitration agreement (if any). None of the parties or representatives are entitled to communicate to the Tribunal, independent from other parties or representatives.

- 13.5. Arbitrators are responsible for carrying out their duties according to the Statute, Code of Ethics of Arbitrators, approved by the Georgian Association of Arbitrators, and agreement between parties.
- 13.6. Unless parties agree otherwise, the arbitral Tribunal shall be constituted in accordance to the provisions of Articles 15 and 16.

#### Article 14. Number of Arbitrators

- 14.1. Disputes shall be decided by a sole arbitrator or by the Tribunal of three arbitrators.
- 14.2. Where parties have not agreed upon the number of arbitrators, the dispute is decided upon by the sole arbitrator, except for the case indicated in Article 14.3.
- 14.3. If the value of arbitration claim is 1,000,000 GEL or more, or if DRC Court decides on the need of appointing three arbitrators to the Tribunal, the dispute is examined by arbitral Tribunal composed of three arbitrators.

#### Article 15. Composition of the Arbitral Tribunal

- 15.1. Parties may agree on the procedure of composition of the Tribunal – a procedure different from that described in this article. Where parties have not agreed upon the procedure, or agreed procedure is not clear, the Tribunal shall be composed based on Articles 15.2.-15.6.
- 15.2. Where the dispute is to be examined by sole arbitrator, parties may jointly name the candidate within 15 days from the receipt of the claim by the respondent. Where candidate for the arbitrator cannot be nominated through this procedure, the arbitrator is appointed by DRC Court.
- 15.3. Where arbitration agreement requires dispute examination by the Tribunal of three Arbitrators, each party shall nominate in the Claim and the Answer, respectively, one arbitrator for confirmation. If a party fails to nominate an arbitrator, the appointment shall be made by DRC Court.
- 15.4. Where the dispute is to be examined by the Tribunal of three Arbitrators, pursuant to Article 14.2., each of the parties shall nominate one candidate within 10 (ten) days after receiving decision of DRC Court, pursuant to Article 14.2. If a party fails to nominate an arbitrator, the appointment shall be made by DRC Court.
- 15.5. Where the dispute is to be examined by the Tribunal of three arbitrators, unless otherwise agreed by parties, two appointed arbitrators nominate the third arbitrator within 10 (ten) days from their appointment. The third Arbitrator, if confirmed by DRC Court, will preside over the Tribunal. If, within the given time, or time agreed by parties, or time given by the court the candidate for the third arbitrator is not proposed, the third arbitrator is appointed by the DRC Court.

- 15.6. Where there are multiple claimants or multiple respondents, and where the dispute is to be referred to the Tribunal of three Arbitrators, multiple claimants, jointly, shall nominate candidates for arbitrators, one of each, within the time indicated in this article.
- 15.7. Where an additional party has been joined, parties shall nominate candidates for arbitrators jointly, within 15 days from the involvement of the additional party, unless otherwise agreed by parties.
- 15.8. In cases when candidates for Arbitrators are not appropriately nominated pursuant articles 15.6 and 15.7, the Court may appoint each member of the Tribunal, including the president of the Tribunal.
- 15.9. For insurance disputes, DRC court, shall appoint an arbitrator a person registered in the list of arbitrators of DRC as the arbitrator considering the insurance disputes.

## Article 16. Appointment and Confirmation of Arbitrators

- 16.1. In appointing or confirming arbitrators, the DRC Court shall consider the prospective arbitrator's residence, place of living, and other possible relationships with the countries of which the parties or the other arbitrators are residents of, and availability and ability of prospective arbitrator to conduct arbitration in accordance with the Statute. The same shall apply where the general secretary makes decision on confirmation of arbitrators as per article 16.2.
- 16.2. General secretary shall confirm candidates nominated by parties. If the general secretary decides that a certain candidate cannot be confirmed, the issue will be passed to DRC Court for revision.
- 16.3. Sole arbitrator or the president of the Tribunal shall not be the resident of the country of residence of any of the parties of arbitration proceedings, except where:
  - (a) All parties of the dispute are residents of the same state;
  - (b) Total amount of all declared claim does not exceed 1,000,000 (one million) GEL for the moment of confirming appointment of arbitrator.
  - (c) Parties of arbitration proceedings have agreed otherwise.
- 16.4. DRC Court, while deciding on appointment or confirmation of the arbitrator, along with other circumstances, shall take into consideration the nature of the dispute, seat of arbitration and language as well as applicable law.
- 16.5. Arbitrator is appointed or confirmed based on conditions described in Annex 2 of this Statute (fees of the Tribunal, costs, conditions).

- 16.6. Where DRC court appoints or confirms sole arbitrator or president of the arbitral Tribunal as per article 15, and if the sum of declared arbitration claim exceeds 2,000,000 GEL, the appointment takes place using the following procedure:
- (a) DRC Court provides parties with the list of 5 candidates for Arbitrators, and statement of each of the candidates on availability, independence, and impartiality;
  - (b) Each party of arbitration, within 15 days after receiving statements indicated in section (a) above, shall submit to DRC its comments on the proposed candidates, as per following rules: (1) the list shall exclude 2 candidates, to which the party objects, and (2) remaining candidates on the list shall be ranked by three, two or one points, based on preference (same rank cannot be applied to two or more candidates). Failure of party (parties) to submit own comments as per this section, it will be assumed the party granted each of the candidates one point;
  - (c) DRC Court, based on the information received, appoints a candidate with highest total points as a sole arbitrator or president of the Tribunal.
  - (d) Where equal points assigned to the candidates, the court uses its discretion to appoint sole arbitrator or president of the Tribunal, and notifies parties accordingly.
  - (e) In case if sole arbitrator or president of arbitral Tribunal are not appointed based on article 16.2., the appointment will be made by the Court at its own discretion.

## Article 17. Challenge of Arbitrator

- 17.1. Party is entitled to request challenge of the Arbitrator for an alleged lack of impartiality and/or independence, or otherwise (including, when the Arbitrator does not meet qualifications outlined by parties, or the Arbitrator has factual or legal limitations on performing its functions; or the arbitrator does not show sufficient interest towards timely and cost-effective resolution of the dispute), by submitting written application to DRC Secretariat on the challenge.
- 17.2. The party may request challenge of the arbitrator nominated by itself, if the basis for such challenge became known to the party after the appointment of the arbitrator.
- 17.3. The party loses its right for challenge, if it does not submit a written request to the DRC Secretariat within 15 days from the moment, when the basis for the challenge became known.
- 17.4. The Secretariat sends statement of the party on the challenge of arbitrator to other parties and members of Tribunal, giving them 15 (fifteen) day period to submit their opinions in writing. The Secretariat may fix a different time limit for submission of written comments.
- 17.5. If the arbitrator under the challenge does not resign within 15 days from submission of challenge application, and if the other party does not agree with the challenge within the timeframe indicated in article 17.4., the challenge of the arbitrator will be decided upon by DRC Court, within 15 days after expiration of the deadline.

17.6. If the arbitrator engages in self-challenge, or if the other party agrees with the challenge of the arbitrator, the arbitrator shall be considered as challenged.

## Article 18. Replacement of Arbitrator

18.1. An arbitrator shall be replaced upon:

- (a) Death;
- (b) Acceptance of a challenge;
- (c) Acceptance by the DRC Court of a resignation of the arbitrator;
- (d) DRC Court by its initiative, or based on the request of the Secretariat, or the party, decides that the arbitrator is prevented *de jure* or *de facto* from fulfilling arbitrator's functions, or that the arbitrator is not fulfilling those functions.
- (e) The arbitrator was appointed or elected for a position resulting into conflict of interest.

18.2. DRC Court makes its decision on the replacement of the Arbitrator as per article 18.1(c),(d) by giving consideration of the opinions of the arbitrators and parties.

18.3. New arbitrator in replacement of the old one shall be appointed by the DRC Court.

18.4. Subsequent to the closing of the proceedings and receiving final comments of parties on the case, instead of replacing an arbitrator who has died or has been removed by the Court pursuant to Articles 18.1., the Court may decide, if considers appropriate, that remaining arbitrators shall continue the arbitration and make arbitration award. In making such determination, DRC Court shall take into account the views of remaining arbitrators and parties and such other matters that it considers appropriate in the circumstances.

## Chapter IV. Arbitral Proceedings

### Article 19. General Provisions

19.1. Arbitral Tribunal shall ensure timely proceedings with least possible expenses.

19.2. The proceedings before the arbitral Tribunal shall be governed by the Statute and, where the Statute is silent, by any rules which the parties or, failing them, the arbitral Tribunal may settle on.

19.3. To ensure effectiveness of the proceedings, the Tribunal, at its own discretion, may set procedural measures, providing parties with equal opportunities for protecting own interests and presenting own positions. The Tribunal consults parties before determining procedural measures.

19.4. The date of commencement of arbitration proceedings is the day when DRC Secretariat receives (registers) the claim.



- 19.5. At the initial phase of the arbitration proceedings and after consulting with parties, the Tribunal may prepare procedural timetable of arbitration proceedings.
- 19.6. Upon request of any party, the arbitral Tribunal may make orders concerning confidentiality of arbitration proceedings or of any other matters in connection with arbitration and may take measures for protecting trade secrets and confidential information.
- 19.7. Party wishing to provide information or documents to the Tribunal or parties during proceedings, such information and documents shall be submitted to DRC Secretariat, which, in its turn, shall ensure transmission of these documents and information to other parties and the Tribunal.
- 19.8. Party may be represented by any entity. Name, actual address, phone number or e-mail of the representative shall be communicated by the party to the Secretariat, which, in its turn, communicates the information to other parties and arbitrators. DRC or the Tribunal may, at any time, require a party to certify authority of the representative.
- 19.9. Parties are responsible to comply with the award issued by the Tribunal.

## Article 20. Seat of Arbitration

- 20.1. Seat of arbitration is Tbilisi, unless otherwise agreed by parties.
- 20.2. Arbitration hearings usually take place according to the location of DRC. At the same time, the arbitral Tribunal may, after consultation with the parties, conduct hearings and other meetings at any location it considers appropriate.
- 20.3. The arbitral Tribunal may deliberate at any location it considers appropriate.
- 20.4. In any case, and for any reason, it shall be considered that arbitration deliberation and award takes place at the location defined in Article 20.1.

## Article 21. Language

- 21.1. Parties may decide on the language of arbitration. In the absence of such agreement, the arbitral Tribunal shall determine the language, by giving due regard to all relevant circumstances, including the language of the agreement.
- 21.2. Agreement of the parties or the decision of the Tribunal on the language of arbitration, unless otherwise decided by parties, also applies to written statements of the parties, arbitration decision, award, other documents used in arbitration, and hearing, if applicable.
- 21.3. The Tribunal may decide that document created in a language different from the language of arbitration, shall be accompanied by translation to the language of arbitration.

## Article 22. Applicable Law

- 22.1. Parties shall be free to agree upon the rules of law to be applied by the arbitral Tribunal to the merits of the dispute. In the absence of any such agreement, the arbitral Tribunal shall apply the rules of law which it determines to be appropriate.
- 22.2. Any reference to legislation or legislative system of any country shall mean material law of the given country and not its procedural and conflicting norms.
- 22.3. While justifying the award, the Tribunal may, together with the conditions of the agreement, give consideration to trade habits and traditions, usually applied to such agreements.

## Article 23. Terms of Reference

- 23.1. No later than 15 (fifteen) days after receiving the case files and supporting documents from the Secretariat, the arbitral Tribunal shall draw up and hand to the parties a document defining its Terms of Reference. This document shall include the following particulars:
  - (a) Full names, address and contact details of each of the parties and any representatives;
  - (b) Name and last name of each of the arbitrators;
  - (c) Summary of respective claims and of the relief sought by each party, and estimate of monetary value of claim;
  - (d) Language of arbitration, seat or arbitration, and applicable law;
  - (e) If considered appropriate by the Tribunal, list of issues to be determined;
  - (f) Procedural rules, which shall regulate specific procedural issues together with this document.
- 23.2. The Terms of Reference shall be signed by the parties and the arbitral Tribunal within 25 (twenty-five) days of the date on which the case file has been transmitted to it by Secretariat, and submit it to DRC Court. The Court may extend this time limit pursuant to a reasoned request from the arbitral Tribunal or on its own initiative if it decides it is necessary to do so.
- 23.3. If any of the parties refuses to participate in the drawing up the Terms of Reference or sign the same, the Terms of Reference shall be submitted to DRC Court for approval.
- 23.4. When the Terms of Reference have been signed by parties and approved by the DRC Court, the arbitration shall proceed.
- 23.5. After the Terms of Reference have been signed/approved by the Court, no party shall make new claims which fall outside the limits of the Terms of Reference unless it has been authorized to do so by the arbitral Tribunal, which shall consider the nature of such new claims, the stage of the arbitration and other relevant circumstances.

23.6. Terms of Reference is not mandatory for the cases described in Article 33.

#### Article 24. Procedural Conference and Procedural Timetable

- 24.1. With the purpose of correctly and effectively conducting arbitration, the Tribunal, as soon as possible after receiving case files and attached documents, receives written comments from parties on procedural issues, and procedural timetable, and/or organizes a conference with parties to consult on procedural measures, after which it makes decision on procedural measures and procedural timetable.
- 24.2. To ensure effectiveness of arbitration, as a result of consultation with parties, the Tribunal may adopt additional procedural measures or make changes to procedural timetable.
- 24.3. Procedural timetable and any changes thereof are communicated to DRC Secretariat and parties.
- 24.4. Case management conference or creation of procedural timetable is not necessary for the cases described in article 33.

#### Article 25. Exchange of Memorials

- 25.1. If the Tribunal decides that arbitration claim/answer do not sufficiently provide all factual circumstances, legal arguments, evidence or requirements, it may, through arbitration timetable or otherwise, set time limits for the party for submission of full position.
- 25.2. If the Tribunal, with the purpose of timely deliberation on the case, within the Terms of Reference identifies the same time limit for submission of comments/documents described in Article 25.1., DRC Secretariat transmits party comments and documents together to the Tribunal and other parties.
- 25.3. Procedural timetable may also determine time limits for submission of the answer to the claim, and written comments to the answer.
- 25.4. Depending on specific circumstances of the case, the Tribunal may, during the proceedings, request parties to submit written comments on specific matters.

#### Article 26. Establishment of Factual Circumstances of the Case

- 26.1. The arbitral Tribunal shall proceed within as short a time as possible to establish facts of the case.
- 26.2. The Tribunal may decide the case solely on the documents submitted by parties, without the hearing. At the same time, the arbitral Tribunal may schedule a hearing based on a request of any of the parties at an appropriate time of the proceedings. During the hearing, the Tribunal may ask questions to witnesses, experts, specialists, and give parties equal opportunities for asking questions.

- 26.3. The Tribunal is entitled to request parties to submit information on the witnesses, and/or experts, specialists invited by parties. Persons associated with parties may also be invited as experts and witnesses.
- 26.4. At any stage of arbitration, the Tribunal may:
- (a) Appoint one or more experts, after having consulted the parties, to present conclusions on the issues specifically identified by the Tribunal;
  - (b) Summon witness of any party to provide additional evidence as well as experts and specialists for oral explanations, and if needed, lead process of asking questions;
  - (c) Request party to submit any document or evidence at any point of arbitration proceeding.
- 26.5. The Tribunal may hear witnesses, specialists, experts invited by parties, experts appointed by the Tribunal, or any other persons, pursuant to Article 28.
- 26.6. Witnesses, experts and specialists can be examined by the Tribunal in a distance (using appropriate technical means).

## Article 27. Evidence

- 27.1. Each of the parties shall provide evidence to the circumstances serving as a basis for the claim or answer.
- 27.2. The Tribunal may verify admissibility of any evidence, and evaluate evidence.

## Article 28. Hearing

- 28.1. The Tribunal may, at any stage of arbitration, and on its own initiative, or request of any of the parties, hold a hearing with participation of parties.
- 28.2. Time and place of hearing will be communicated to parties in due course.
- 28.3. The Tribunal may hold a hearing and make decision without participation of the party duly notified on the hearing, but failed to participate without an excuse.
- 28.4. The president of the Tribunal is in full charge of hearing, leads the conference, and process of asking questions.
- 28.5. Persons that do not participate in arbitration, shall not attend the conference without consent of the Tribunal and all parties. Information, records, minutes of the conference are confidential, unless otherwise agreed by parties.
- 28.6. Parties may appear at hearing in person or through duly authorized representatives.
- 28.7. The hearing may be attended by representative of the Secretariat to assist the Tribunal with organizational and technical issues, and records minutes, if requested by the Tribunal.

## Article 29. Tribunal Appointed Experts

- 29.1. The Tribunal, after consultation with parties, may appoint one or several independent experts to provide written expert opinions on specific issues. Copy of the decision of the Tribunal on appointment of the experts is transmitted to parties.
- 29.2. Before the appointment, the expert, as a rule, shall submit statement of his/her qualification, independence and impartiality to the arbitration and parties. Within the time limits set by the Tribunal, parties shall notify the Tribunal whether they would like to challenge the expert due to reasoned suspicion related to qualification, impartiality or independence. The Tribunal examines statement of the parties and makes decision on the challenge of the expert. After appointment of the expert, challenging is only allowed if the basis for the challenge became known only after the appointment as expert.
- 29.3. Upon request of the expert, the party shall provide any information, document and/or item related to the case, for the purpose of studying such documents. Any disagreement between the expert and party, or between parties on issuing information, documents, or item to the expert, shall be resolved by the Tribunal.
- 29.4. After receiving the expert opinion, copies shall be transmitted to parties to express written comments on the opinion. Parties may examine documents indicated in the conclusion.
- 29.5. If requested by party, expert may be invited to the hearing, for parties to ask questions to the expert. Parties may nominate a specialist to provide explanation on the disputable issue. This procedure is subject to Article 28.

## Article 30. Default

- 30.1. If, within the time limit indicated within this Statute, without legitimate excuse, the respondent fails to submit answer to the arbitration claim, the Tribunal shall continue arbitration and failure to submit answer is not a basis for recognition of the requirements of the claimant. Same rules apply if the claimant fails to submit answer to the counterclaim.
- 30.2. If party fails to submit written or other evidence within the time limit set by the Tribunal, the Tribunal deliberates based on the evidence available to it.

## Article 31. Closing of Proceedings

- 31.1. As soon as possible after the last hearing or time limit set by the Tribunal, after receiving written comments of the parties, arbitral Tribunal shall, without hesitation:
  - (a) Declare proceedings closed with respect to the matters to be decided in the award;
  - (b) Inform Secretariat and parties of the date, by which it expects to submit its draft award to the DRC Court for formal verification, pursuant to Article 39.
- 31.2. Article 31.1. does not apply to cases described in Article 33.

31.3. Due to special circumstances, the Tribunal, at its own initiative or request of the parties, may renew arbitration at any time, before signature of the final award.

## Article 32. Interim Measures

32.1. Before commencement of arbitration, or any stage of it, before making the final award, parties may request DRC to take interim measures, unless it contradicts with arbitration agreement.

32.2. As per request of the party, the Tribunal, and before its composition – president of DRC Court, acting as an emergency arbitrator, in the shortest time possible, may, in writing, request from a party:

- (a) Maintenance and reestablishment of initial conditions before final award is made;
- (b) Taking measures to prevent any harm to another party, or arbitration itself;
- (c) Taking actions to maintain actives, to be used for execution of arbitration award;
- (d) Preserving and maintaining evidence, which could be used for arbitration and its decision.

32.3. Party requesting DRC (or the Tribunal) to implement interim measures described in Article 32.2 (a)-(d), shall justify following circumstances:

- (a) Lack of use of interim measures may result into damage, which could have been prevented by charging the other party with responsibility to reimburse damage;
- (b) Harm caused by the lack of use of interim measures significantly exceeds the damage, which could be caused to a party, subject to interim measures, if such measures are applied;
- (c) There is a substantial assumption that claim will be met. This assumption does not influence the forthcoming decision of the Tribunal.

32.4. Provisions of Article 32.3 (a)-(c) are applied towards interim measures under Article 32.2(d) as the arbitral Tribunal considers appropriate.

32.5. Arbitral Tribunal is entitled to request from party requesting application of interim measures, reimbursement of the expected damage caused to another party as a result of application of interim measures.

32.6. Party requesting application of interim measures shall be responsible for all expenses and damage, resulting from the application of interim measures requested by the party, if the Tribunal decides that interim measures were not to be applied in given circumstances. The Tribunal is entitled to impose reimbursement of costs and damage to the party at any stage of arbitration proceedings.

32.7. Decision of the Tribunal on application of interim measures is binding to parties from the moment of submission of the decision to the party.

- 32.8. Arbitrator may change, cancel, or terminate application of interim measures identified by the Tribunal, or emergency arbitrator.
- 32.9. Where claimant fails to submit the claim within the given time limit, or refuses interim measure as per this article, the arbitrator shall make a decision on termination of interim measures, by request from another party, or at its own initiative.

### Article 33. Expedited Procedure

33.1. Expedited arbitration procedures apply, when:

- (a) the amount of the dispute, requested through the claim and answer, does not exceed 100,000 GEL;
- (b) Arbitration dispute results from credit and/or related legal relations (security, mortgage, guarantee, bank guarantee, debtor guarantee, etc.), regardless of the amount of the claim;
- (c) After the composition of the Tribunal, parties agree on proceedings as per this article, and receive agreement from the arbitral Tribunal;

33.2. Requirements of this article do not apply to cases described under article 33.1(a), where total amount of the claim and counterclaim exceeds 100,000 GEL.

33.3. Arbitration will proceed based on this Statute and special regulations below, where, in case of collision, provisions of this article take precedence.

33.4. The purpose of the article is to ensure simple, cost-effective, and timely resolution of the dispute, by applying simplified procedures below:

- (a) Within 10 days after receiving the claim, president of DRC court appoints an arbitrator from the list of pre-approved arbitrators of DRC. In case of absence of the president of the Court, or in case of conflicts of interest, deputy president of the Court or head of DRC Secretariat (general secretary) will appoint an arbitrator from the list of arbitrators.
- (b) In case if party arbitration agreement includes composition of the Tribunal by 3 arbitrators, each of the parties shall nominate only one candidate together with arbitration claim and answer to the claim. Decision on approval of the Arbitrator is made by DRC Court, which also appoints the third arbitrator – president of arbitral Tribunal. Shall both parties fail to nominate arbitrators along with the claim and answer, it shall be assumed parties have made new decision for the arbitral dispute to be deliberated upon by sole arbitrator, appointed according to point (a) of this subsection.
- (c) Arbitrator is entitled to resolve all procedural issues, including procedural measures and procedural timetable. The arbitrator may reduce time limits set in this document, for specific procedural issues.

- (d) Parties shall prepare the claim and answer to the claim pursuant to requirements of articles 7 and 8, fully state factual circumstances, legal arguments and claim requirements.
- (e) Within 10 (ten) days after submission of the claim, the respondent shall submit its answer to the claim to DRC Court. At the same time, the claimant, within 10 days after receiving answer to the claim, shall submit counterclaim to DRC Court.
- (f) Written evidences as well as documents certifying payment of arbitration costs, as per this document, shall be submitted together with the claim, and answer to the claim.
- (g) Transmission of all notifications and communication of arbitration proceedings is implemented electronically, in line with Article 5.3. Where notification or communication cannot be transmitted through e-mail, it shall be ensured as per provisions of Article 5.
- (h) The Arbitrator may, if the amount of the claim does not exceed 50,000 GEL, deliberate without hearing parties, based on submitted written documents, unless parties agree otherwise.
- (i) The Arbitrator may, on specific issues, request parties to submit written comments, or call a conference to hear comments of parties.
- (j) Parties may submit claim and answer to the claim as well as written evidence to DRC Secretariat electronically, using electronic document processing software of DRC.
- (k) The Arbitrator is mandated to decide, whether party of the arbitration shall receive reimbursement for arbitration expenditures, and other justified legal expenses.
- (l) The Tribunal, within the arbitration award, shall indicate circumstances and legal provisions used for deliberation and award, unless parties agree that such justification (motivation part) is not necessary.
- (m) The Tribunal shall complete the proceedings within 90 days from transmission of the case. In exceptional cases DRC Court may extend time limit.
- (n) The Tribunal shall notify DRC Secretariat on completion of proceedings, and submit draft award for formal verification. After completion of formal review, the Arbitrator shall sign the award, and indicate seat and date of award.

Article IV<sup>1</sup>     **Online Arbitration**

**Online Arbitration**

**Article 33<sup>1</sup>. General Provisions**

33<sup>1</sup>.1. Regulations of this Article apply to the Arbitration proceedings if parties agree to online arbitration of the dispute.

33<sup>1</sup>.2. DRC shall administer online arbitration pursuant to norms described in this chapter for online arbitration rules, in effect for the moment of commencement date of arbitration.



33<sup>1</sup>.3. In case of conflict between norms and regulations of this chapter with other norms, rules provided in this chapter take precedence for administering online arbitration process.

33<sup>1</sup>

### **Article 33<sup>2</sup>. Electronic System**

33<sup>2</sup>.1. Electronic System, pursuant to this chapter, means a protected information system used to electronically file, process, store and transfer documents for the purposes of dispute resolution.

33<sup>2</sup>.2. To obtain access Electronic System, each party, arbitrators or other parties to the dispute, shall use global internet connection, pursuant to requirements of this chapter.

33<sup>2</sup>.3. General Secretary, or the authorized person appointed by the General Secretary represents DRC within Electronic System.

33<sup>2</sup>.4. Parties shall obtain access to the Electronic System by independently registering through the DRC web-page, at which point a simple digital signature key shall be created (login and password). A party may have several representatives, each of whom will have own username and password. After completion of registration, party initiating arbitration may file a claim through the Electronic System, requesting commencement of arbitration. In this case, parties to arbitration shall be assigned unique 10-digit code, enabling filing, studying, receiving documents.

33<sup>2</sup>.5. Each person performing actions in the Electronic System on behalf of a party to the arbitration, using a login and password, shall be identified as a person with primary registration, while each person receiving username and password of the relevant user shall be identified as a party to arbitration. Any actions performed by such a person in the Electronic System shall be deemed to be actions of the respective party.

33<sup>2</sup>.6. Access to the Electronic System is provided to the arbitrator through the forwarding of due notice and 10-digit case code to his or her email address.

33<sup>2</sup>.7. Filing of the documents into the Electronic System shall take place after electronic identification of the party to arbitration or its representative. DRC Secretariat verifies compliance of documents submitted, opens and uploads the latter into Electronic System, assigns unique 10-digit number, and notifies parties accordingly.

33<sup>2</sup>.8. Parties to online arbitration as well as their representatives shall ensure confidentiality of the e-mail, username and password required for Electronic System, and shall be authorized to change username and password at any time. Should system username and password and e-mail registered within the system become known to unauthorized persons, party concerned shall immediately notify DRC Secretariat. In such case, concerned online arbitration party shall bear negative consequences that may arise from use of system e-mail, username and password by unauthorized persons.

33<sup>2</sup>.9. Should the authority of a registered representative of a party to online arbitration terminate, registered person shall immediately notify DRC Secretariat and appoint a new representative, whose details, including e-mail address, shall be submitted to DRC. DRC

Secretariat e-mails 10-digit case code to the new representative for the latter to have access to documents and information stored within the Electronic System.

33<sup>2</sup>.10. Parties to online arbitration undertake to keep specified e-mail addresses up-to-date and check them regularly, as well as to maintain confidentiality of the username and password information and 10-digit case codes.

33<sup>2</sup>.11. Should there be changes to the e-mail addresses, a party to the arbitration shall immediately notify the other party and provide new e-mail; while after commencement of the online arbitration, shall also notify DRC Secretariat. Otherwise the party shall bear all negative consequences of the notices being sent to the wrong address.

33<sup>2</sup>.12. Pursuant to section 33<sup>2</sup>.11., until submission of notification on new e-mail address, notices sent to the e-mail addresses registered under Electronic System shall be deemed proper notices for all purposes under the online arbitration. If respondent is a physical entity, DRC Secretariat shall try to notify respondent on the commencement of arbitration using a phone number indicated in the Agreement.

### **Article 33<sup>3</sup>. Time Period**

33<sup>3</sup>.1. Date of commencement of online arbitration shall be the date of assigning registration code to the online claim by DRC Secretariat.

33<sup>3</sup>.2. Notices and other documents sent to e-mail addresses specified within the arbitration agreement shall be deemed to be properly delivered and received by the recipient on the date that they are sent.

33<sup>3</sup>.3. Calculation of time periods shall begin to run on the day following the date the notice or other documents are sent through e-mail.

33<sup>3</sup>.4. Provided there are sufficient grounds, DRC may extend any time periods provided in this chapter.

### **Article 33<sup>4</sup>. Appointment**

33<sup>4</sup>.1. Online arbitration proceedings are conducted by a tribunal comprised of sole arbitrator. Within three business days after registering claim within the Electronic System, Chair of DRC Court shall appoint arbitrator out of candidates presented by Secretary General.

33<sup>4</sup>.2. Arbitrator, as a rule, is appointed from DRC Arbitrator List. However, other person may also be appointed, agreeing to conduct proceeding independently, without bias, pursuant to DCR arbitration rules, Arbitrator Code of Ethics, and rules stipulated in this chapter.

33<sup>4</sup>.3. When appointing an arbitrator, the following shall be taken into consideration:

- a) Requirements for an arbitrator, as set forth in the arbitration agreement;
- b) Language of the arbitration proceedings;
- c) Governing law;

- d) Nature of the dispute;
- e) Other factors relevant to the resolution of the case
- f) Qualification of the candidate for arbitrator.

33<sup>4</sup>.4. The arbitrator shall follow rules stipulated in this chapter and principles upheld in Arbitrator Code of Ethics, as approved by the Association of Arbitrators.

33<sup>4</sup>.5. In case of challenge or resignation of an arbitrator, a new arbitrator shall be arbitrator pursuant to the regulations of articles 33<sup>4</sup>.1 and 33<sup>4</sup>.2.

### **Article 33<sup>5</sup>. Commencement of Arbitration**

33<sup>5</sup>.1. Party initiating online arbitration shall file claim and relevant supplementary documents into Electronic System, in a PDF format.

33<sup>5</sup>.2. Arbitration claim shall indicate the following:

- a) Full name and contact details (including address, phone numbers, e-mails) of the claimant, third parties, and their representatives (if applicable);
- b) The arbitration dispute has arisen out of the bank guarantee, loan and/or related legal relations (pledge, mortgage, guarantee, debtor's guarantee etc.), regardless of the amount of claim.
- c) Evidence, supporting factual circumstances indicated by the claimant.
- d) A statement of the relief(s) sought by the claimant. Where such requests cannot be quantified as amount, the claimant shall indicate approximate monetary value of any claim;
- e) Where claims are made under more than one arbitration agreement, an indication of the arbitration agreement under which each claim is made;
- f) List of documents attached to the arbitration claim.

The claimant may submit other documents or information with the claim as it considers appropriate or may contribute to the efficient resolution of the dispute.

33<sup>5</sup>.3. Together with arbitration claim, the following shall be submitted:

- a) Arbitration agreement, determining online dispute resolution option;
- b) Document certifying payment of arbitration fee;
- c) Document certifying authority of representative (in case of representative);
- d) Documents and other evidence serving as basis for requirements towards respondent.

33<sup>5</sup>.4. DRC Secretariat shall verify compliance with requirements for filing claim and payment of arbitration fee, after which activates online registration of arbitration dispute resolution within the Electronic System, where Electronic System assigns unique 10-digit code to the case along the registration. DRC, within three days of registering claim, shall make a decision on acceptance of

the case, indicating online resolution of the dispute, details of appointed arbitrator, 10-digit case code, and shall notify the parties about this at the email addresses specified in the arbitration agreement as well as those additionally reported by the Claimant, which is considered as a proper and sufficient notification of the parties to the online arbitration.

33<sup>5</sup>.5. If the claim is at variance with the requirements of this Statute, DRC shall identify deficiencies and shall not assign registration code until such deficiency is corrected. If the deficiency related to filing the claim is not made to comply within 30 days period, DRC may refuse acceptance of the claim and its registration, and 90% of arbitration fee shall be refunded to the party. This shall not preclude the party from filing same claims again.

### **Article 33<sup>6</sup>. Statement of Defense**

33<sup>6</sup>.1. The respondent must file a response to the claim within 10 days after receiving appropriate e-mail notification from DRC on commencement of arbitration, pursuant of article 33<sup>5</sup>.3. Arbitrator may, based on respondent's justified application, extend the deadline.

33<sup>6</sup>.2. Statement of Defense shall indicate:

- a) Full name, last name and contact information (including address, phone number, e-mail) of the respondent and its representative;
- b) Comments on the requirement(s) of the claimant and circumstances, giving rise to claims;
- c) List of documents attached to the answer.
- d) disputes related to payment of insurance premium and collateral, regardless of the amount of claim

The Respondent shall submit other documents or information with the answer as it considers appropriate on specific facts and circumstances giving rise to the answer.

33<sup>6</sup>.3. Statement of defense shall be filed into Electronic System. Should the respondent fail to file statement of defense and related evidence into the Electronic System, he/she must, within the time period indicated in this article, submit statement of defense and related evidence to DRC Secretariat through e-mail [info@drc.ge](mailto:info@drc.ge). DRC Secretariat shall upload statement of defense and related evidence into Electronic System (under relevant case).

33<sup>6</sup>.4. The failure of a respondent to file a statement of defense shall not prevent continuation of arbitration proceedings.

33<sup>6</sup>.5. The respondent may, within the time period allocated for filing a statement of defense, file a counterclaim which is subject to the provisions of article 33<sup>5</sup> hereof. The claimant may file a statement of defense to the respondent's counterclaim within 10 days after its uploading to the Electronic System, pursuant to requirements of this article and filing statement of defense into Electronic System. Time period for final award on the case shall be extended as appropriate.

## **Article 33<sup>7</sup>. Arbitration Proceedings**

33<sup>7</sup>.1. Online Arbitration shall be conducted solely on the basis of electronic copies of documents uploaded to the Electronic System, which are presumed to correspond to the originals.

33<sup>7</sup>.2. A party to the online arbitration may object that a document submitted by the other party corresponds to the original, only after payment of an additional arbitration fee equal to 0.5% of the total amount of the claim, but no less than 100 GEL. Should such objection be accepted, the arbitrator may take measures to verify objection, including, requesting submission of originals of the documents or duly notified copies of such documents.

33<sup>7</sup>.3. Where the objection of a party with respect to non-correspondence of a copy of the document with the original is not confirmed, this party shall be liable for all the costs related to authenticity of the document, regardless of the outcome of arbitration.

33<sup>7</sup>.3. Where the objection of a party with respect to non-correspondence of a copy of the document with the original is confirmed, opposing party shall be liable for all costs related to authenticity of the document, regardless of the outcome of arbitration.

33<sup>7</sup>.4. The arbitrator may require parties to provide additional documents, explanations, or statement of positions on separate issues.

33<sup>7</sup>.5. Failure of the party to provide statement of position shall not hold arbitration proceedings and the arbitrator may render an arbitral award based on the documents before him/her.

33<sup>7</sup>.6. If a party duly required by the Arbitrator to produce documents, physical evidence or other evidence, fails to do so within the established time period without showing sufficient cause for such failure, the Arbitrator may render an arbitral award based on the evidence before him/her.

33<sup>7</sup>.7. Online arbitration shall be conducted on the 15<sup>th</sup> day after receipt of statement of defense or expiration of the time period for submission of such statement, or after expiration of the time period extended by the arbitrator, after which no submission of additional positions, explanations or evidence shall be accepted.

33<sup>7</sup>.8. Online arbitration shall be conducted without hearings based on the documents submitted by the parties.

33<sup>7</sup>.9. If necessary, the arbitrator may, based on materials of the case, decide to hold oral hearing. No additional arbitration costs shall apply in this case.

33<sup>7</sup>.10. Parties may raise motion on appointment of oral hearing, within 5 days after submission of statement of defense. Should party require oral hearing, it becomes responsible for paying arbitration fee, 1% of arbitration claim, but no less than 100 GEL. Decision on oral hearing shall be made by the arbitrator.

33<sup>7</sup>.11. If necessary, the arbitrator may hold a hearing via video or telephone conferencing. In exceptional circumstances the arbitrator may also invite parties to DRC office or other location and hear them.

33<sup>7</sup>.12. The Arbitrator shall give parties an advance notice at least three business days prior to the hearing.

33<sup>7</sup>.13. The secretariat shall make an audio or video recording of the oral hearing.

33<sup>7</sup>.14. In case of failure to submit evidence on justified grounds, the arbitrator shall have the power to reopen arbitration proceedings if he/she considers it appropriate in order to clarify circumstances of the case.

### **Article 33<sup>8</sup>. Arbitration Award**

33<sup>8</sup>.1. As a result of online arbitration, the arbitrator shall render written arbitrator award which is final and binding for parties of arbitration.

33<sup>8</sup>.2. Arbitrator shall render award and send draft to DRC secretariat for formal review within 10 days after completion of arbitration. DRC, based on justified motion of the arbitrator, may extend such time period, and notify parties accordingly.

33<sup>8</sup>.3. After completion of formal review of arbitration award, the arbitrator shall sign award and submit it to DRC Secretariat, which, on its turn, shall upload arbitration award to Electronic System and forwards it to party e-mail. Arbitration award or duly certified copies of documents signed by General Secretary, may only be handed to parties of arbitration and their representatives.

### **Article 33<sup>9</sup>. Arbitration Fees**

33<sup>9</sup>.1. Arbitration fees for online arbitration are listed in Table #2 of Annex 2 of the Statute.

33<sup>9</sup>.2. Arbitration fees shall be fully paid by claimant, before assigning special code to the case within the Electronic System.

33<sup>9</sup>.3. The Respondent, before submitting counterclaim, shall pay arbitration fee. Arbitrator shall not consider the case until full payment of arbitration fees.

33<sup>9</sup>.4. Decision of the arbitrator on division of online arbitration fees between parties shall be reflected in the final award.

### **Article 33<sup>10</sup>. Recommended Arbitration Agreement**

33<sup>10</sup>.1. Any dispute, arising from this agreement, or in relation to it, including any issues on existence, validity, and termination of agreement and/or arbitration agreement, shall be considered and decided upon by sole arbitrator pursuant to DRC Arbitration Rules (Statute).

Place of arbitration is Tbilisi, office of DRC (TIN: 204547348), located at 71, Vazha-Pshavela Street (block 4, floor 2, office 11), Tbilisi. Web-page: [WWW.DRC.GE](http://WWW.DRC.GE)

Parties agree to online arbitration of the dispute.

Parties agree that information on the commencement of arbitration as well as any information, notices, documents arising during the process of arbitration shall be forwarded to the following e-mails:

1. [Party], [E-mail]
2. [Party], [E-mail].

Parties undertake to keep specified e-mail addresses up-to-date and check them regularly, and ensure protection from unauthorized use.

Should there be changes to the e-mail addresses, or failure of the party to use such e-mail, a party concerned shall immediately notify the other party and provide new e-mail; while after commencement of the online arbitration, shall also notify DRC Secretariat. Otherwise the party shall bear all negative consequences of the notices being sent to the wrong address.

Until submission of notification on new e-mail address, while after commencement of the online arbitration, notification to DRC Secretariat, notices sent to the e-mail addresses registered under Electronic System shall be deemed proper notices for all purposes under the online arbitration. If respondent is a physical entity, DRC Secretariat shall try to notify respondent on the commencement of arbitration using a phone number indicated in the Agreement.

Parties agree that oral hearing is only conducted shall it is deemed necessary by arbitrator.

## **Article IV<sup>2</sup> Regulations for Insurance Disputes**

### **Article 1. General rules**

1. This chapter defines the procedure for examining disputes arising from insurance or reinsurance relations.
2. If this chapter does not provide otherwise, general provisions of Arbitration Rules shall apply to the Arbitration proceedings of the insurance disputes.
3. Unless otherwise agreed by the parties, the arbitration dispute concerning the insurance premium, bank guarantee and collateral shall be decided in accordance with Article 33 of the Arbitration Rules.

### **Article 2. Formation of the arbitral tribunal**

Unless otherwise agreed by the parties, or the parties have not exercised the right to appoint an arbitrator, the DRC court, as a rule, appoints the person who is registered in DRC's list of arbitrators as an arbitrator for insurance disputes.

### **Article 3. Composition of the DRC court**

1. According to Arbitration Rules, in cases of insurance disputes DRC Court is composed of 6 members (hereinafter referred to as the "Court"), which includes the DRC Court Chair and one member, 2 members of the Association of Insurance Companies of Georgia and 2 members represented by the academic sector.
2. The DRC court appoints the candidates represented by the Association of Insurance Companies of Georgia and the candidates from academic sector for a period of one year, who exercise their powers until the DRC court terminates it.
3. The Court is headed by the chairman of the DRC Court. In case of his / her absence or in the absence of fulfilling his/her functions in any other reason, his / her authority is exercised by the other member of the Court.
4. In case of failure to fulfill the duties of a member of the Court from the DRC Court or in case of conflict of interest or any other reason it is replaced by a designated member of the DRC Court for a specific case.
5. The court quorum establishes half of the members.
6. The court decision shall be made by a majority of the members present, in the case of equal number of votes, the chairperson's voice is decisive.

## **Chapter V. Arbitration Award**

### **Article 34. Making of the Award**

- 34.1. When the arbitral Tribunal is composed of more than one arbitrator, an award is made by a majority decision. If there is no majority, the president of the Tribunal has a casting vote.
- 34.2. When making procedural decisions, president of the Tribunal may make sole decisions, if decision is immediately communicated to other members of the Tribunal. The Tribunal may amend or suspend the decision.
- 34.3. The Tribunal may make partial award during arbitration process.



- 34.4. The award shall be deemed to be made on the date stated on the award.
- 34.5. The award may be published upon agreement of the parties, or in cases when publicizing award is required for the party to perform its duties, protection or maintenance of legal rights, or for court proceedings.

### Article 35. Timeframe for Rendering Final Award

- 35.1. The Tribunal shall make final award within 180 days from receiving the case, unless otherwise stated in procedural timetable, or otherwise determined by DRC Court.
- 35.2. Within 20 days from completion of arbitration, and within 10 days from completion of arbitration for disputes under Article 33, the Tribunal shall submit the award to DRC for formal verification. DRC Court may extend this time limit, based on justified request of the Tribunal, or at own discretion.

### Article 36. Suspend of Proceedings and Termination

- 36.1. The Tribunal may suspend arbitration in the following cases:
- (a) Application of parties;
  - (b) Appointment of expertise;
  - (c) Inability to continue arbitration, including in cases, when legal succession is not resolved.
- 36.2. Arbitration is renewed upon:
- (a) Statement of one of the parties, if arbitration was suspended based on mutual agreement of parties;
  - (b) Elimination of circumstances that served as the basis for suspension of arbitration.
- 36.3. Where arbitration is suspended based on mutual agreement of parties, and within 6 months from suspension DRC Secretariat has not received statement of parties on renewal of arbitration, the suspension is cancelled, and arbitration is renewed. In case of 1 year of non-renewal of arbitration suspended for other reasons, the arbitration may decide on leaving the claim without consideration.
- 36.4. In case of parties agreeing to request termination of arbitration after the case is transmitted to the Tribunal, the Tribunal makes a decision on termination of the arbitration. In case if parties request approval of agreed conditions through arbitration award and the Tribunal agrees, decision is made on approval of the award with agreed conditions, and termination of the award. In this case, the Tribunal is not required to describe motivation within the award.
- 36.5. If, before making arbitration award, becomes known that continuation of arbitration is not necessary, due to lack of dispute, or it cannot be continued due to circumstances described in Article 36.1.c, or if the claimant recalls back the claim, the Tribunal notifies

parties on the intention of termination. The Tribunal may only make such decision if there is no issue left to be decided upon, and termination of arbitration is deemed appropriate.

36.6. Arbitration may also be terminated in other cases described in the Statute.

### Article 37. Approval of Party Agreement

37.1. If parties settle after transmitting the case to the Tribunal, they may request approval of the agreement using a format of arbitration award.

37.2. When the case has not been transmitted to the Tribunal, or the arbitration is complete, and award is made, which has not been yet executed, and DRC Secretariat accepts request of the party/parties on approval of agreement through arbitration award, the Secretariat transmits the case to DRC Court.

37.3. President of DRC Court transmits the case to the Tribunal, and if the Tribunal is not composed yet, DRC Court appoints an arbitrator. To approve conditions of the agreement made between parties after making arbitration award, arbitrator may be a person making arbitration award.

37.4. Arbitration proceedings described in this article are not subject to provisions related to the claim and answer to the claim.

37.5. The Tribunal is entitled to use own discretion on whether to approve request of the parties on approval of agreement conditions and termination of arbitration. The Tribunal, while making decision, gives due consideration to the documents submitted by parties, and if deemed necessary, may call a conference, pursuant to Article 28.

### Article 38. Form and Effect of the Award

38.1. Any arbitration award shall be made in writing, and include justification for the decision, except when parties agree no such justification is necessary.

38.2. Arbitration award shall be signed by the Arbitrator, indicate date and seat of arbitration.

38.3. Award made by Arbitral Tribunal shall be signed by majority of arbitrators. If arbitrator refuses to sign award, and/or has different opinion, arbitration award should include appropriate note.

### Article 39. Formal Review of the Award

39.1. Before signing any award, the arbitral Tribunal shall submit it in draft form to DRC Court.

39.2. 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 formal faults and/or mistakes.

- 39.3. No award shall be rendered by the arbitral Tribunal until it has been approved by DRC Court as to its form.
- 39.4. The completion of the formal review is confirmed by binding, sealing and signing the award by DRC Secretariat;

#### Article 40. Approval of Final Arbitration Award

- 40.1. DRC, before formal approval of the award, verifies whether parties of arbitration were duly informed on the commencement of arbitration and hearing (calling a conference).
- 40.2. Based on request of the Tribunal, DRC Court may also approve other documents issued by the Tribunal.
- 40.3. Copies of arbitration awards, or other documents of the arbitration case, approved by the Secretary General, may only be submitted to the party of arbitration, or its representative.
- 40.4. DRC Court and Secretariat, if needed, support all parties of arbitration in fulfilling all further formalities.

#### Article 41. Maintenance of Case Files

- 41.1. The Tribunal submits all copies of the final award to DRC Court, which, in turn, transmits award to parties only after verifying full payment of arbitration fees by parties, pursuant to Article 36.
- 41.2. DRC maintains the following documents for 3 years after Tribunal signing final award:
- (a) Arbitration award made by the Tribunal;
  - (b) Documents certifying due notification of parties on arbitration;
  - (c) Decisions made by DRC based on this Statute.
- 41.3. DRC Secretariat maintains other documents of arbitration case within 1 year from the moment of the Tribunal signing the final award.

#### Article 42. Interpretation of Award

- 42.1. Within 90 days from making the award, party may apply to DRC Secretariat and request interpretation of resolution section or any articles of the award from the Tribunal. DRC Secretariat transmits received application to the members of the Tribunal as well as other parties of the arbitration, who may submit written comments within 10 days from receiving application.
- 42.2. Tribunal, if deems appropriate, after receiving comments from other parties or expiration of the time limit for receiving such comments, but no later than 30 days from receiving the application, makes interpretation of the award.

- 42.3. Interpretation of the award made by the Tribunal shall constitute part of the award, and is subject to provisions of Articles 38-41.
- 42.4. DRC Court, at its own discretion or as per request of the Tribunal, may extend time limit stipulated in article 42.2.e. by no later than 30 days.

#### Article 43. Correction of Award

- 43.1. Within 90 days of making the award, party may apply to DRC Secretariat with request to correct mistakes made in the award, including computational, typographical and technical errors.
- 43.2. Tribunal, if deliberated as appropriate, within 30 days from receiving application, makes decision on correction of the award.
- 43.3. On its own initiative, the arbitral Tribunal may correct errors contained in the award, as described in Article 43.1, within 30 days of the date of such award.
- 43.4. Correction made by the Tribunal to the award shall constitute part of award, and is subject to provisions of Articles 38-41.
- 43.5. DRC Court, at its own initiative or as requested by the Tribunal, may extend time limit indicated in Articles 43.1, 43.2, or 43.3.

#### Article 44. Additional Award

- 42.5. Within 30 days from making arbitration award, party may apply to DRC Secretariat and request Tribunal making additional award on the requests raised during arbitration proceeding, but were not reflected into the award. DRC Secretariat transmits received application to the members of the Tribunal as well as other parties of the arbitration, who may submit written comments within 10 days from receiving application.
- 42.6. Tribunal, if deems appropriate, after receiving comments from other parties or expiration of the time limit for receiving such comments, but no later than 30 days from receiving the application, makes additional award.
- 42.7. DRC Court, at its own initiative or as requested by the Tribunal, may extend time limit indicated in Articles 44.2., but no longer than 30 days.
- 42.8. Additional award shall constitute part of award, and is subject to provisions of Articles 38-41.

## Chapter VI. Costs

### Article 45. Advance on Arbitration Costs

- 45.1. DRC Court, based on requests indicated in arbitration claim, fixes advance arbitration cost, which is a provisional amount, intended to cover costs of arbitration as described in Article 46.1., and sends request to the claimant to pay advance.
- 45.2. Where counterclaim is submitted by the respondent under Article 8, DRC Secretariat may separate advances on costs for arbitration claim and counterclaim. When DRC Court, as per this article, fixes advance on arbitration costs, each of the parties shall pay the advance on costs corresponding to its claims.
- 45.3. If arbitration claim is made as per Article 10 of this Statute, DRC Secretariat fixes advance on arbitration costs, payable by parties within time limits set by this Statute or by DRC Secretariat.
- 45.4. As per Article 12, in case of unification several arbitration cases, when advance on arbitration costs was already fixed, it will be replaced by arbitration cost fixed as per this article. Any provisional advance paid by any party will be considered as a partial payment by the claimant of any advance on costs fixed pursuant to this article.
- 45.5. The amount of any advance on costs fixed by the DRC Court pursuant to this article may be subject to readjustment at any time during the arbitration. To avoid prolongation of arbitration, any party shall be free to pay any other party's share of any advance on costs should such other party fail to pay its share. As requested by the party, the Tribunal shall give consideration to this circumstance while making final award.
- 45.6. When a request for arbitration cost is not fully complied with within time limit determined in this Statute, the claim shall be considered as withdrawn. Party shall not be prevented, on the ground of such withdrawal, from reintroducing the same claims.
- 45.7. DRC Secretariat may decide on using bank guarantee or other forms of security for covering part of arbitration costs.
- 45.8. Where it is determined that DRC has no jurisdiction on the dispute, or the dispute exceeds competence of arbitration and arbitration proceedings are terminated on such grounds, DRC shall keep 100 GEL from the advance paid, and shall return remaining amount to the party which paid advance as per this article.
- 45.9. Administrative costs described in article 45.7 do not include registration fees. Registration fees are irrevocable.

### Article 46. Calculation of Arbitration Costs

- 46.1. Arbitration costs consist of:
  - (a) DRC registration fee and administrative payment;
  - (b) Fees of arbitrators and their costs;

- (c) Other costs associated with arbitration proceedings.
- 46.2. DRC Secretariat shall decide upon the fees of arbitrators, DRC registration fees and administrative payment, as per table of costs (Annex #2) in force for the date of arbitration proceedings.
- 46.3. In case of insufficient compliance of the arbitrator to his/her duties, DRC Court may fix lower rate to arbitrator fees than defined within the Statute.
- 46.4. At any stage of arbitration proceedings, the Tribunal may decide on the costs that have not been decided upon by DRC Court, and order payment.
- 46.5. Where parties did not agree on sharing arbitration costs, within the final arbitration award the Tribunal shall fix amount of arbitration costs and indicate proportion of sharing costs between parties. As a rule, arbitration costs are imposed on losing party, whereas arbitral Tribunal may split any costs, if such division is deemed fair due to case circumstances. While making decision, the Tribunal shall take into consideration important circumstances, including whether actions of parties were directed towards timely, flexible and cost-effective resolution of the matter.
- 46.6. As per article 46.5.e, costs to be split consist of:
- (a) Fees of members of the Tribunal;
  - (b) Travel and other costs undertaken by arbitrators;
  - (c) Justified fees of experts and other assistance costs borne by Tribunal;
  - (d) Travel and other necessary costs of witnesses, with the amount deemed necessary by the Tribunal;
  - (e) Legal services or other costs borne by parties related to arbitration proceedings, with the amount deemed reasonable by Tribunal;
  - (f) Administrative costs and expenditure of DRC.
- 46.7. The Tribunal is entitled to order party or parties to pay any costs under article 46.1., borne by another party.
- 46.8. Within 15 days from receiving information on the fees and costs fixed by Tribunal, any party may raise this issue with DRC Court.
- 46.9. If DRC court determines that fees and costs of Tribunal were fixed violating provisions of article 46.6., or are unreasonable, DRC Court may give appropriate recommendations to the Tribunal.

## Chapter VII. Other Provisions

### Article 47. Renewal of Arbitration

- 47.1. Where common court, to which parties applied to suspend arbitration award, suspends arbitration to eliminate grounds for such suspension, DRC Court shall decide on renewal

of arbitration proceedings. Such decision is communicated to the common court, members of the Tribunal, and parties of arbitration.

47.2. The Tribunal, within the renewed arbitration, shall make final award, subject to articles 34-44 of this Statute.

47.3. Where award of the Tribunal is not recognized by common court with the reason of Tribunal violating rule(s) stipulated in this Statute and/or arbitration agreement of the parties, based on the request of interested party and decision of DRC Court the dispute proceedings can be renewed. In this case, requirements of articles 47.1 and 47.3 shall be in full force.

#### Article 48. Change of Timeframe

48.1. Parties may agree to time limits different from the ones set by this Statute. If such agreement is reached after composition of the Tribunal, the agreement shall become effective after the approval of the Tribunal.

48.2. DRC Court may extend any time limit, if deemed necessary for correct and effective performance of responsibilities of the Tribunal.

#### Article 49. Waiver

If a party participating in arbitration does not file a complaint as per this Statute or arbitration agreement, on the violation of rules to be applied from this Statute and/or arbitration agreement, or any rules to be used during arbitration, within the time limits set by DRC Court or the Tribunal, it shall be assumed the party refuses the right to complaint/plea.

#### Article 50. Exclusion of Liability

DRC and its staff, DRC Court and its member(s), arbitrator(s), any person(s) appointed by the arbitration, shall not be liable for any act or omission in connection with the arbitration, except to the extent such limitation of liability is prohibited by applicable law.

#### Article 51. Unforeseen Matters

For issues not regulated through this Statute, DRC Court and Tribunal shall act upon the principles of the Statute and ensure fulfillment of arbitration award.

#### Article 52. Amendments to the Statute

Changes or amendments to the Statute may be made at any time. Such changes or amendments shall not apply to arbitration cases which commenced before such changes or amendments became effective.

### Article 53. Publication of Arbitration Awards

DRC is entitled to publish sections of arbitration award or its resume in legal literature or DRC publications, respecting anonymity (without naming or indicating parties), unless any of the parties protests to such right within 30 days of receiving award.



## Annex 1. Status and Internal Regulations of DRC Court

### Article 1. Functions

- 1.1. The function of the Court of Dispute Resolution Center (hereinafter, DRC) is to ensure application of the rules of arbitration (hereinafter, "Statute"), having all the necessary powers for that purpose.
- 1.2. The Court implements its functions in complete independence from other structural units of DRC.
- 1.3. The competence of the Court includes:
  - (a) Approval of DRC arbitrators;
  - (b) Publication of practice occurring within the arbitration proceedings;
  - (c) Creation of methodology and guidelines for arbitration proceedings for specific cases;
  - (d) Selection of candidates for disciplinary committee, and submission of nominations for approval to the Board of Directors;
  - (e) Selection of candidates for members of the Court and submission of nominations for approval to the Board of Directors;
  - (f) Preparing package of amendments to the Statute;
  - (g) Preparing package of amendments to mediation regulations;
  - (h) Resolving specific issues within the competence of the Statute;
  - (i) Hearing reports of the head of DRC Secretariat (hereinafter, "Secretary General") on administration of arbitration proceedings, including the work of Secretariat;
  - (j) Providing general secretary with recommendations on correct and effective administration of cases;
  - (k) Creation of board of arbitrators and its composition, developing rules for its activities;
  - (l) Performing functions of the competent agency, as per UNCITRAL arbitration regulations.

### Article 2. Composition of the Court

- 2.1. The court is composed of the president, vice presidents, and members of the court.
- 2.2. DRC Secretariat assists the Court in its activities.

### Article 3. Appointment

- 3.1. The court is composed of at least 4 members.

- 3.2. The term of office of members of the court is 4 years. Duration of the term of office of any member may be extended beyond four years, if DRC Board of Directors so decides.

#### Article 4. Court Sessions

- 4.1. Court sessions are presided over by the president or, in the president's absence or limited authority as per Article 7 – first vice-president, and in case of absence of the latter – one of the deputies of the president. The session is authorized if it is attended by more than half of its members. Decisions are made by simple majority vote. The president of the session (president of the court or the deputy) has a casting vote in the event of a tie.
- 4.2. Issues to be discussed at court sessions, calling the session, and organizational issues are decided upon by the president of the court, or, in the president's absence or limited authority as per Article 7 – first vice-president, and in case of absence of the latter – one of the deputies of the president.
- 4.3. Member of the court may participate in court proceedings through phone, video-conference, or skype call.
- 4.4. Court decision may be made based on submitted written comments of the parties, including those sent through e-mail.

#### Article 5. Committees

5.1 The court may set up one or more committees (including committee on formal verification of arbitration awards, committee on DRC arbitrator list, committee on reviewing challenges towards arbitrators, etc.) and establish the functions and organization of such committees.

Article 51. Court Committee for insurance disputes and its functions:

1. Composition of DRC Court Committee for insurance disputes; DRC Court Committee for insurance disputes consists of the DRC chairman of the court, one court member and the court members approved for insurance disputes.
2. Functions of DRC Court Committee for insurance disputes:
  - a. participation in approval of the list of DRC arbitrators for insurance disputes;
  - b. publication of the practice created during arbitration proceedings of insurance disputes.
  - c. drafting the methods, guidelines of arbitration proceedings of specific cases;
  - d. appointment, challenge of the Tribunal for insurance cases;
  - e. Formal review of the arbitration award for insurance disputes.

- 5.1. Any member of the court, at own initiative, or by invitation of the president of the court, may participate in sessions of any committee.

## Article 6. Confidentiality

- 6.1. The work of the court is of a confidential nature, which must be respected by everyone who participates in that work in whatever capacity.
- 6.2. The documents submitted to the court, or drawn up in the course of court proceedings, are communicated only to the members of the court and persons authorized to attend sessions.
- 6.3. The court is not responsible for stating reasoning for its decision.

## Article 7. Conflict of Interests

- 7.1. President of DRC court, members of the court and Secretariat may not to act as party representatives on cases, which are under examination by DRC.
- 7.2. Member of DRC court may be appointed as an arbitrator, unless any of the parties raises a challenge of the person within the set time limits.
- 7.3. If the president of the court, deputy or member of the court, secretary general or staff of the Secretariat are involved into any arbitration proceedings or generate conflicts of interest regarding any party of arbitration through personal or business relations, or possible outcome of the case, he/she:
  - (a) Shall immediately inform president of the court (if the conflict of interest arises with the president – first deputy of the president), and secretary general;
  - (b) Shall not take part in arbitration proceedings, discussions, and making award related to this arbitration.
  - (c) Shall not receive information and documents related to this arbitration proceeding, while already received electronic information (if any) should be deleted, while documents should be returned to the Secretariat.

## Article 8. Appointment of Arbitrators by the Court

- 8.1. Where arbitration party does not use its right to nominate arbitrator, or when arbitrators cannot agree on the appointment of the third arbitrator (president of the Tribunal), or in other cases described through this Statute, when the court makes decision on appointment of the arbitrator, president of DRC court selects candidate for the arbitrator, and after agreeing with at least two members of the court, is entitled to appoint the arbitrator.

- 8.2. On cases described in article 33, nominees for arbitrators from DRC list of arbitrators are submitted by secretary general to the president of the court, who makes sole decisions on appointment of the arbitrator(s).

## Article 9. Representation

- 9.1. DRC court is represented by and decisions on behalf of the court are signed by the president, while in case of his/her limited authority under article 7 – first deputy of the president.

## Article 10. Secretariat

- 10.1. The Secretariat is represented by the general secretary, or deputy general secretary, as per decision of the former.
- 10.2. General secretary is granted rights through the Statute, including the right to transmit case to DRC court, appoint arbitrators, approve correctness of the copies of award, define amount of advance arbitration costs, and order its payment.
- 10.3. Secretariat may issue notes and other documents for the information of the parties and the arbitrators, or as necessary for the proper conduct of arbitral proceedings.
- 10.4. Offices of DRC Secretariat may be located outside of DRC headquarters.

## Annex 2. Arbitration Costs, Arbitrator's fees, and Terms

### Article 1. Scope of Application

- 1.1. Annex 2 of arbitration rules (hereinafter, "Statute") of Dispute Resolution Center (hereinafter, "DRC") determines amount of arbitration costs and fees of arbitrators as well as rules of payment.
- 1.2. DRC court (hereinafter, "court") may provide interpretation of provisions of Annex 2.

### Article 2. Arbitrator Fees

- 2.1. Payment of arbitrator fees are ensured by DRC, from arbitration costs covered by parties based on articles 45-46.
- 2.2. Arbitrator fees shall be paid in Georgian Lari (GEL).
- 2.3. Parties of arbitration shall be equally responsible for reimbursing costs of arbitrators and paying fees, regardless of which party nominated the arbitrator.

### Article 3. Costs of the Tribunal

- 3.1. Tribunal shall receive reimbursement for the justified cost borne in regard to arbitration proceedings.
- 3.2. Fees of the Tribunal shall not include costs of the Tribunal associated with arbitration proceedings.

### Article 4. Administrative Costs

Parties may have to reimburse reasonable costs of administration, including renting conference room, costs of interpreter, note-taking. Such costs shall be reimbursed using advances received by DRC, pursuant to article 45.

### Article 5. Registration Fee

- 5.1. Arbitration claim (as well as answer to the claim, or the claim for set-off of requests) shall be submitted to DRC along with the document certifying payment of 1,000 (one thousand) GEL of registration fee.
- 5.2. Without the payment of registration fee, the claim will not be put into procedure, and arbitration will not commence.
- 5.3. Articles 5.1. and 5.2. do not influence dispute cases described in article 33.
- 5.4. Registration fee is irrevocable.

## Article 6. Administrative Costs and Arbitrators Fees

- 6.1. Calculation of administrative expenses and fees of the Tribunal shall take place in accordance with Table #1 below, while for cases under article 33.1.(a) and (b) – according to Table #2. The table calculates fees for sole arbitrator as well as Tribunal of three arbitrators. Unless otherwise decided by the arbitral Tribunal, fee of the arbitrator of three-member Tribunal is 50% of the fees of the president of the Tribunal.
- 6.2. Calculation of amount of the disputable requests shall include the amount of the claim as well as counterclaim and claim of additional party. Interest rate of the arbitration claim shall not be considered while calculating fees of the Tribunal.
- 6.3. Where arbitration claim is provided in currency other than the national currency, calculation of arbitrator fee shall be based on an official exchange rate set by the National Bank of Georgia for the date when DRC receives arbitration claim.
- 6.4. Where arbitration claims are not expressed in monetary value, DRC Secretariat, taking into consideration circumstances of the case, fixes amount of the dispute for the purposes of determining administrative expenses and fees of arbitrators.
- 6.5. As an exception, the Secretariat may fix administrative expenditure in a less amount than described in article 6.1.
- 6.6. Where arbitration proceedings terminate before submission of the answer to the claim, or before the case is transmitted to the arbitral Tribunal, administrative fee of DRC shall reduce by 90%, while arbitrators shall not be entitled to fees.
- 6.7. Where arbitration is terminated after transmission of the case to the Tribunal, but before the first session or before the first procedural order, administrative fee of DRC is reduced by 90%, while arbitrators shall be paid 10% of the fees.
- 6.8. Where arbitration proceeding is terminated after the first session or issue of the first procedural order, administrative fee of DRC shall be reduced by 50%, while arbitrators shall be paid 50% of their fees.
- 6.9. Where arbitration proceeding is terminated as a result of settlement of the parties, and the Tribunal approves settlement of parties through arbitration award, administrative fee of DRC shall be reduced by 30%, while arbitrators shall be paid 70% of the fees.
- 6.10. Before the case transmission to arbitral Tribunal, or after making final award on the case, if parties apply to DRC with request to document settlement in the format of arbitration award, they shall submit to DRC Secretariat certification of payment of administrative expenses, more specifically, payment of 1% of the amount of the issue to be settled (disputable amount), where 50% is an administrative fee of the DRC, while 50% is fee of arbitrator(s).
- 6.10.<sup>1</sup> The administrative cost pursuant to Article 6.10. shall not be less than 100 GEL.

- 6.11. Fees of arbitral Tribunal includes payment for the work of the Tribunal, from the moment of transmission of the case to making final award as well as interpretation, correction and amendment of the award as described in the Statute.
- 6.12. For taxation reasons, while paying fees to arbitrators that are Georgian residents, if the arbitrator is not registered as a taxpayer, DRC performs the role of tax agent and withholds income tax and pays to the state budget.
- 6.13. Fees of arbitrators are paid within 5 days from signing final arbitration award. Based on justified request of the arbitral Tribunal, DRC court may decide on partial interim payment of fees, but no more than 50% of the total amount.
- 6.14. DRC Secretariat may reduce fees of the arbitral Tribunal:
- (a) By 10%, if arbitral Tribunal exceeds time limits set in article 35.2 by more than 10 days;
  - (b) By 20%, if arbitral Tribunal exceeds time limits set in article 35.2 by more than 20 days;
  - (c) By 30%, if arbitral Tribunal exceeds time limits set in article 35.2 by more than 30 days;
- 6.15. Based on the justified request of the Tribunal, DRC Secretariat may decide not to apply article 6.14.

## Article 6<sup>1</sup>.

Minimal amount of arbitration fee paid for arbitration proceedings as per article 33 is not subject to reduction under articles 6.6., 6.7., 6.8. and 6.9. Reduced arbitration fee is returned to the paying party, after arbitration award becomes effective.

## Article 7. Reimbursement for Dismissed Arbitrator

Where arbitrator is dismissed based on articles 17 or 18 of the Statute, DRC court shall make a decision on the size of fees to be paid to the arbitrator, and reimbursement of costs. Decision shall take into consideration the period of serving as arbitrator, work performed, basis for dismissing arbitrator, and other important circumstances.

## Article 8. DRC, as an Appointing Authority

8.1. Where according to UNCITRAL arbitration regulations or other rules agreed upon by parties, DRC is selected as an authority appointing Tribunal, the applicant shall pay irrevocable application fee of 2,500 (two thousand five hundred) GEL. No appointment procedures shall commence until registration fee is paid.

- 8.2. The party shall apply to DRC Secretariat with request of serving as appointing authority, which, in turn, transmits this application to other parties of arbitration proceedings. The application shall contain the following:
- (a) Names and contact information of claimant, other parties and their representatives (if any);
  - (b) Statement of the dispute, and facts that serve as the basis for the request;
  - (c) Requests of the claimant;
  - (d) Full conditions of arbitration agreement, serving as the basis for the claim, as well as copies of agreements or other documents indicating given arbitration agreement.
- 8.3. Arbitrator shall be appointed according to UNCITRAL arbitration regulations, or other rules agreed upon by parties. In case of no such agreement between parties, DRC court appoints arbitrator(s) within 30 (thirty) days from receiving such request.
- 8.4. Where parties agree on appointment of arbitrators as per this article and have agreed on employing services of DRC (Secretariat) for administering arbitration dispute, DRC Secretariat may fix the amount of fees to be paid for providing such support. Fee indicated in this section shall not exceed 2,000 (two thousand).
- 8.5. Pursuant to articles 8.1. and 8.4. the Court members who have participated in the appointment procedure will receive 50% of the paid registration fee.

## Article 9. Administrative Fees for Interim Measures

- 9.1. Party requesting limitation of certain rights to another party as interim measure, for the purposes of maintaining actives that may be used for execution of arbitration award, shall pay arbitration fees as per table below:

Interim measure	Administrative fee in GEL (without VAT)
– Arrest of the item, or limitation of alienation, rental, change, division, unification or any other form of change to the item, or change of legal nature.	100 GEL for one item. 200 GEL for two or more items.
– Arrest of bank accounts, or limitation of active operations from the bank account, more specifically, cash withdrawal, bank transfer, conversion of certain amount.	100 GEL for bank accounts in one specific banking institution. 200 GEL for bank accounts in two or more banking institutions.

- 9.2. DRC Secretariat may determine administrative fee to be less than that described in the table of article 9.1., giving consideration to case circumstances.



## Article 10. Arbitrator Code of Conduct

- 10.1. From the moment of nomination as arbitrator, the individual shall be a subject to requirements of Arbitrator Code of Ethics, adopted by Georgian Association of Arbitrators, and the candidate shall act in accordance with the norms of this Code.
- 10.2. By agreeing to be appointed as an arbitrator, he/she agrees to examine dispute as per Statute of DRC, and cooperate with the Secretariat. He/she shall regularly communicate with the Secretariat on the matters of arbitration proceedings.
- 10.3. Individual shall only agree to be appointed as an arbitrator if he/she believes to be independent from the parties of arbitration and their representatives. By agreeing to appointment, the candidate confirms his/her independence and ability to examine dispute in line with the Statute and in an impartial manner.
- 10.4. Arbitrator nominated by one of the parties shall not act as representative of that party, or follower of party interests. He/she shall refrain from any further communication with the party or its representative on the matters of the proceedings. Any communication with the parties shall be made only together with the president of the arbitral Tribunal, or with his/her preliminary and clear consent.
- 10.5. During the process of arbitration, the arbitrator shall, at all circumstances, express impartiality and independence, and refrain from any actions or statements that may be assumed as bias, especially while asking questions during hearing.
- 10.6. By agreeing to appointment, the arbitrator takes responsibility to handle the case with honesty and integrity, use time effectively and prepare and sign final arbitration award in as little time as possible. Arbitrator may, only in case of absolute necessity, or in agreement with all parties, request DRC to increase time limits fixed by the Statute.
- 10.7. Arbitrator shall strictly protect confidentiality of arbitration case, information and documents of the case, and arbitration award.
- 10.8. By agreeing to appointment, the arbitrator takes responsibility to sign arbitration award. Where arbitration award is made by the Tribunal of three arbitrators, signature of the arbitration award shall not mean agreement of the arbitrator with the content of arbitration award.

## Article 11. Withholding Award

DRC Secretariat may withhold award and not transmit it to the parties, until parties fully cover amount for costs and fees.

## Article 12. Applicable Law

Conditions of this Annex as well as any non-contractual liabilities associated or deriving from it are defined and regulated through the legislation of Georgia.



## Table 1

### Registration fee, administrative fee, and arbitrator's fee

(This table does not concern disputes described in article 33.1(a), (b).

(1) Registration fee is 1,000 GEL.

(2) Administrative fee is:

Amount of the dispute (in GEL)		Administrative fee in GEL (including VAT)
From	To	
Up to 100,000		According to Table #2
100,001	200,000	From 2000 + 100,000, 2% of the amount
200,001	500,000	From 4,000 + 200,000, 1,5% of the amount
500,000	1,000,000	From 8,500 + 500,000, 1% of the amount
1,000,001	2,000,000	From 13,500 + 1,000,000, 0,75 % of the amount
2,000,001	5,000,000	From 20,500 + 2,000,000, 0,5% of the amount
5,000,001	10,000,000	From 35,500 + 5,000,000, 0,25% of the amount, but no more than 50,000 GEL

Note: in case of dispute between the residents of the same country, maximum amount of DRC administration fee is 30,000 (thirty thousand) Lari (including VAT).

(3) Fee for the sole arbitral Tribunal and president of 3-member arbitral Tribunal is as follows:

Amount of the dispute (in GEL)		Fee for sole arbitrator/president of the Tribunal in GEL (including taxes)
From	To	
Up to 100,000		According to Table #2
100,001	200,000	Above 1500 + 100,000, 1,5% of the amount
200,001	500,000	Above 3,000 + 200,000, 1,25% of the amount
500,000	1,000,000	Above 6,750 + 500,000, 1% of the amount
1,000,001	5,000,000	Above 11,750 + 1,000,000, 0,5 % of the amount

5,000,001	10,000,000	Above 31,750 + 5,000,000, 0,25% of the amount
In case of above 10,000,001		Above 44,250 + 10,000,000, 0,01% of the amount

Note: in case of dispute between the residents of the same country, maximum amount of DRC administration fee is 30,000 (thirty thousand) Lari (including VAT).

## Table 2

Arbitration cost (administrative fee and arbitrator's fees)

(The table concerns disputes described in article 33.1(a), (b).

- (1) Arbitration fee (administrative fee and arbitrator's fee) is 3.5% of the amount of the dispute, including VAT. Minimum amount of the arbitrator fee is 300 (three hundred) GEL, including VAT, while maximum amount is 30,000 (thirty thousand) GEL including VAT. At the same time, if:
  - a) Agreement between parties does not allow arbitration proceeding without hearing of parties, minimum amount of the arbitration fee is 590 (five hundred ninety) GEL, including VAT.
  - b) If arbitration agreement requires dispute examination by the Tribunal composed of three arbitrators, minimal amount of the arbitration cost is 708 (seven hundred and eight) GEL, including VAT, while maximum amount is 35,000 (thirty-five thousand) GEL, including VAT.
  - c) If the arbitration agreement does not provide for an arbitration with an oral hearing, the party, requesting an oral hearing is obliged to pay the additional arbitration cost in the amount of 300 GEL. The other party of the arbitration shall not be charged with the additional arbitration cost, regardless of how the dispute is resolved.
  - d) If the parties agreement does not provide for an arbitration with an oral hearing, but the Arbitrator considers applying the oral hearing to the dispute, the amount of arbitration cost will not increase.
- (2) Fee of arbitrator as well as fee of the president of the Tribunal is 10% of the amount of the arbitration cost (including taxes), but is no less than 100 GEL (including taxes), where in cases of section (1).a) of this table – no less than 200 GEL (including taxes). Where the Tribunal is composed of three arbitrators, the fee of the co-arbitrator is 50% of the fee of the president of the Tribunal (including taxes), which cannot be less than 100 GEL (including taxes).
- (3) DRC Secretariat may increase the fee of the arbitrator described in article 2, from 10% of the arbitration cost to 25%, giving consideration to case circumstances.
- (4) Where it is determined that DRC has no jurisdiction on the dispute, or the dispute exceeds competence of arbitration and arbitration proceedings are terminated on such grounds, DRC shall keep 100 GEL from the advance paid, and shall return remaining amount to the party which paid advance as per this article.
- (5) Before the application of arbitration claim, if parties apply to DRC with request of approval of settlement agreement they shall submit to DRC Secretariat certification of payment of arbitration fee, more specifically, payment of 2% of the amount of the issue to be settled (disputable amount), where 50% is an administrative fee of the DRC, while 50% is fee of arbitrator(s).

- (6) Where arbitration proceedings terminate before submission of the answer to the claim, or before the case is transmitted to the arbitral Tribunal, administrative cost of DRC shall reduce by 90%, while arbitrators shall not be entitled to fees.
- (7) If arbitration proceedings terminate after the case is transmitted to the arbitral Tribunal, including in case of withdrawal of the arbitration claim, administrative fee of DRC shall reduce by 50%.
- (8) Where arbitration proceeding is terminated as a result of settlement of the parties, and the Tribunal approves settlement of parties through arbitration award, arbitration fee of DRC shall be reduced by 50%.
- (9) In case of paragraph 6 and 7 of the Annex 2, Table 2 (Arbitration Costs, Arbitrator's fees, and Terms) of the Arbitration Rules, the relevant part of the arbitration fee shall be returned to the payer after the arbitration award becomes effective. In addition, in the case provided by these paragraphs, the arbitration fee which remains to the DRC shall not be less than the minimum amount of arbitration fee defined by the paragraph (1) of the Annex 2, Table 2 of the Arbitration Rules.
- (10) Before the case transmission to arbitral Tribunal, or after making final award on the case, if parties apply to DRC with request to document settlement in the format of arbitration award, they shall submit to DRC certification of payment of arbitration fee, more specifically, payment of 1% of the amount of the issue to be settled (disputable amount), where 50% is an administrative fee of the DRC, while 50% is fee of arbitrator(s). The Arbitration fee shall not be less than 100 GEL.