

ARBITRATION RULES

of the Chinese European
Arbitration Centre (CEAC)
in Hamburg



Consolidated version September 2012 based on the
CEAC Core Rules as approved in September 2012
Based on the UNCITRAL Arbitration Rules 2010

ARBITRATION RULES OF THE CHINESE EUROPEAN ARBITRATION CENTRE (CEAC) IN HAMBURG

Consolidated version September 2012 based on the CEAC Core Rules as approved in September 2012
Based on the UNCITRAL Arbitration Rules 2010

INTRODUCTION

The UNCITRAL Arbitration Rules, the basis of these CEAC Hamburg Arbitration Rules, have been revised in 2010 and have been in force in their revised version since August 2010 (“**UNCITRAL Arbitration Rules 2010**”). The CEAC Hamburg Arbitration Rules have been revised after internal discussion in the Advisory Board. The short version of the CEAC Hamburg Arbitration Rules states only deviations from the UNCITRAL Arbitration Rules 2010 and may be referred to as the **Core Rules (Version September 2012)**.

The **Consolidated Version** includes the necessary amendments to and the current version of the UNCITRAL Arbitration Rules. It may be referred to as the “**CEAC Hamburg Arbitration Rules**” or the “**CEAC Rules**”.

The CEAC Hamburg Arbitration Rules govern the arbitration procedure. In addition to these Rules the **Statutes for the Chinese European Arbitration Centre in Hamburg** govern the organisation and structure of the Chinese European Arbitration Centre.

TABLE OF CONTENTS

Preamble

Disclosures by and challenge of arbitrators (articles 11 to 13)

SECTION I.

INTRODUCTORY RULES

Scope of Application and Relation to the Beijing-Hamburg Conciliation Centre

ARTICLE 1

Notice and calculation of periods of time

ARTICLE 2

Notice of arbitration

ARTICLE 3

Response to the notice of arbitration

ARTICLE 4

Representation and assistance

ARTICLE 5

Appointing Authority

ARTICLE 6

ARTICLE 11

ARTICLE 12

ARTICLE 13

Replacement of an arbitrator

ARTICLE 14

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

ARTICLE 15

Exclusion of liability

ARTICLE 16

SECTION III.

ARBITRAL PROCEEDINGS

General provisions

ARTICLE 17

Place of arbitration

ARTICLE 18

Language

ARTICLE 19

Statement of claim

ARTICLE 20

Statement of defence

ARTICLE 21

Amendments to the claim or defence

SECTION II.

COMPOSITION OF THE ARBITRAL TRIBUNAL

Number of arbitrators

ARTICLE 7

Appointment of arbitrators (articles 8 to 10)

ARTICLE 8

ARTICLE 9

ARTICLE 10

ARTICLE 22

Pleas as to the jurisdiction of the arbitral tribunal

ARTICLE 23

Further written statements

ARTICLE 24

Periods of time

ARTICLE 25

Interim measures

ARTICLE 26

Evidence

ARTICLE 27

Hearings

ARTICLE 28

Experts appointed by the arbitral tribunal

ARTICLE 29

Default

ARTICLE 30

Closure of hearings

ARTICLE 31

Time Limit for the Award

ARTICLE 31A

Waiver of right to object

ARTICLE 32

SECTION IV.

THE AWARD

Decisions

ARTICLE 33

Form and effect of the award

ARTICLE 34

Applicable law, amiable compositeur

ARTICLE 35

Settlement or other grounds for termination

ARTICLE 36

Interpretation of the award

ARTICLE 37

Correction of the award

ARTICLE 38

Additional award

ARTICLE 39

Definition of costs

ARTICLE 40

ARTICLE 41

Allocation of costs

ARTICLE 42

Deposit of costs

ARTICLE 43

ANNEX

PREAMBLE

- A. The phenomenon of “globalisation” has brought about a substantial increase of
 - trade between China and traders from all over the world including Europe,
 - international investments in China and
 - Chinese investments in the world outside China.

- B. Where international trade takes place, disputes may arise. The *Chinese European Arbitration Centre* (“CEAC”) offers a possibility to settle such disputes in an international spirit by institutional arbitration. In this context, it is important to note that presently the recognition and enforcement of foreign judgements in China and of Chinese judgements in foreign countries is often difficult or even impossible. As a result, recourse to international arbitration is an important tool to enforce rights of participants in international trade.

- C. For that purpose, in 2008 the *CHINESE EUROPEAN LEGAL ASSOCIATION e.V.* – a non-profit organisation dedicated to supporting the interaction and exchange between China, Europe and the world regarding issues of law and legal culture – established the *Chinese European Arbitration Centre GmbH* which operates the *Chinese European Arbitration Centre (CEAC)* according to its Statutes and these *CEAC Hamburg Arbitration Rules*.

- D. These *CEAC Hamburg Arbitration Rules* have been developed in interaction with experts from numerous jurisdictions from around the globe in a truly international spirit and with special regard to the needs of intercultural arbitrations, in particular in cases in which one party comes from China. However, if the parties so explicitly desire, arbitration under the *CEAC Hamburg Arbitration Rules* shall also be open to other international arbitrations.¹

¹ The openness, upon explicit request of the parties, to other international arbitrations which is not necessarily or only remotely or indirectly related to China was suggested by a number of supporters. The point was followed: The degree of relation of a case to China-related trade should never become an issue which might endanger the validity of an arbitration proceeding.

E. Hamburg, sister-city of Shanghai, has a long-standing tradition in international trade, including trade with China, and in international arbitration and conciliation. Over 20 years ago, in 1987, Chinese and German lawyers created the *Beijing-Hamburg Conciliation Centre*. These *CEAC Hamburg Arbitration Rules* provide, *inter alia*, for a possibility to refer the case to conciliation under the rules of the *Beijing-Hamburg Conciliation Centre* or any other type of mediation or conciliation as the parties' desire.

F. In order to tailor these *CEAC Hamburg Arbitration Rules* best to the needs of intercultural arbitration, they are embedded in an international environment:

- If the parties do not reach an agreement on a Chairman, or if one party defaults to appoint an arbitrator, the Appointing Authority shall appoint a Chairman from a neutral jurisdiction whereby it operates in Chambers with international experts from China, Europe and other regions of the world.
- The *CEAC Hamburg Arbitration Rules* refer the parties, on a voluntary basis, to the possibility to choose neutral law² or neutral rules of law³ which are known, to different degrees, worldwide and in particular in China.
- The *CEAC Hamburg Arbitration Rules* contain a number of provisions, e.g. Article 3 paragraph 1, which take into account the particular legal environment for enforceability of arbitral awards in China.⁴

² For example, the United Nations Vienna Convention on the International Sale of Goods (CISG) is part of New York law, part of Chinese law and part of German law.

³ The UNIDROIT Principles have been used as a reference by a number of legislators including, for example, the Chinese and the German legislator.

⁴ According to Chinese law, it is important that (i) the arbitration concerns a commercial matter and (ii) the parties refer the arbitration to institutional arbitration. Therefore, an international arbitration award issued under the administration of an arbitration institution matches the average understanding in China with respect to the enforceability of an arbitration award although, as a matter of law, foreign arbitration awards issued in an ad hoc arbitration may also be recognisable.

SECTION I. INTRODUCTORY RULES

SCOPE OF APPLICATION AND RELATION TO THE BEIJING-HAMBURG CONCILIATION CENTRE

ARTICLE 1

1. Where parties have agreed that disputes between them in respect of a defined legal relationship, whether contractual or not, shall be referred to arbitration under the *CEAC Hamburg Arbitration Rules*, then such disputes shall be settled in accordance with these Rules as existing at the time when the agreement between the parties came into force subject to such modification as the parties may agree (see option g in the Model Arbitration Clause in the annex to these Rules).

1a. Where the parties agree to refer or submit their disputes to arbitration under the “*CEAC Hamburg Arbitration Rules*”, the “*CEAC Arbitration Rules*”, the “*CEAC Rules*” or the “*Rules of the Chinese European Arbitration Centre*” or if the parties agree on “*CEAC*”, they shall be deemed to have agreed to refer the dispute to institutional arbitration administered by the Chinese European Arbitration Centre in Hamburg (Germany). Any reference to another city in combination with a reference to CEAC shall be deemed to be a choice of the place where oral hearings shall be held. Any reference to CEAC in combination with a reference to the *UNCITRAL Arbitration Rules* or any other set of arbitration rules shall be deemed to be a reference to the *CEAC Arbitration Rules*.

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

3. These Rules shall incorporate the *Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL Arbitra-*

tion Rules; see www.uncitral.org) in the version in force at the time when the agreement between the parties came into force and as supplemented or amended by the additional rules contained herein which take precedence unless otherwise provided for by the parties.

4. Prior to the initiation of an arbitration proceeding under the CEAC Hamburg Arbitration Rules or within 21 days after receipt of the notice of arbitration by the respondent, either party is entitled to request in writing the other party's express written consent to conciliate under the Rules of the *Beijing-Hamburg Conciliation Centre* or to engage in any other form of mediation or conciliation. Upon receipt of such consent, the arbitral proceedings including all deadlines is/are suspended for

- (a) up to 3 months or until the termination of the conciliation or mediation whichever is earlier or
- (b) upon an earlier application provided that the conciliation or mediation was initiated within one (1) week after receipt of such consent. If the mediation is not finished within the 3 month time period, a further suspension of the arbitral proceedings requires the mutual written consent of all parties which may be contained in separate documents.

Notice and calculation of periods of time
ARTICLE 2

1. A notice, including a notification, communication or proposal, may be transmitted by any means of communication that provides or allows for a record of its transmission.
2. If an address has been designated by a party specifically for this purpose or authorized by the arbitral tribunal, any notice shall be delivered to that party at that address, and if so delivered shall be deemed to have been received. Delivery by electronic means such as facsimile or e-mail may only be made to an address so designated or authorized.

3. In the absence of such designation or authorization, a notice is:
 - (a) Received if it is physically delivered to the addressee; or
 - (b) Deemed to have been received if it is delivered at the place of business, habitual residence or mailing address of the addressee.
4. If, after reasonable efforts, delivery cannot be effected in accordance with paragraphs 2 or 3, a notice is deemed to have been received if it is sent to the addressee's last-known place of business, habitual residence or mailing address by registered letter or any other means that provides a record of delivery or of attempted delivery.
5. A notice shall be deemed to have been received on the day it is delivered in accordance with paragraphs 2, 3 or 4, or attempted to be delivered in accordance with paragraph 4. A notice transmitted by electronic means is deemed to have been received on the day it is sent, except that a notice of arbitration so transmitted is only deemed to have been received on the day when it reaches the addressee's electronic address.
6. For the purpose of calculating a period of time under these Rules, such period shall begin to run on the day following the day when a notice is received. If the last day of such period is an official holiday or a non-business day at the residence or place of business of the addressee, the period is extended until the first business day which follows. Official holidays or non-business days occurring during the running of the period of time are included in calculating the period.

Notice of arbitration
ARTICLE 3

1. **The claimant shall initiate the arbitration proceeding by sending a notice of arbitration to the Chinese European Arbitration Centre (CEAC) in Hamburg together with a copy of the contract out of or in relation to which the dispute has arisen and a copy of the arbitration agreement if it is not contained in the contract. Parties may use the letter box of the Hamburg Regional Court of First instance**

(Landgericht Hamburg) which is accessible 24 hours per day. Claimant shall submit the notice of arbitration and supporting documents in seven copies. Further copies may be requested by CEAC in case of multi-party-arbitration.

2. Upon filing of the notice of arbitration, the claimant shall pay the administration fee determined in accordance with the Schedule of Costs of CEAC. If the administration fee is not paid upon filing of the notice of arbitration, CEAC management shall issue an invoice and set a time period within which the claimant is required to pay the administration fee. Further, CEAC management shall request payment of an advance of costs according to Article 40-43 of these CEAC Hamburg Arbitration Rules. If the administration fee and the first advance on costs requested by CEAC management from the claimant is not paid within the time period set, the claim shall be deemed to have been withdrawn. After payment of its administration fees CEAC shall serve the notice of arbitration to the defendant or the defendants, as the case may be. However, arbitral proceedings shall be deemed to have commenced on the date on which the Notice of Arbitration is received by CEAC, if the payment of the administration fees and has been made within a reasonable time thereafter. The arbitral tribunal shall not proceed with the arbitral proceeding without ascertaining at all times with CEAC management that CEAC has received the requested payments.

3. The notice of arbitration shall include the following:
- (a) A demand that the dispute be referred to arbitration;
 - (b) The names and contact details of the parties **and, if applicable, its statutory representative;**
 - (c) Identification of the arbitration agreement that is invoked;
 - (d) Identification of any contract or other legal instrument out of or in relation to which the dispute arises or, in the absence of such

contract or instrument, a brief description of the relevant relationship;

- (e) A brief description of the claim and an indication of the amount involved, if any;
 - (f) The relief or remedy sought;
 - (g) A proposal as to the number of arbitrators, language and place of arbitration, if the parties have not previously agreed thereon.
4. The notice of arbitration may also include:
- (a) A proposal for the appointment of a sole arbitrator referred to in article 8, paragraph 1;
 - (b) Notification of the appointment of an arbitrator referred to in article 9 or 10.
5. The constitution of the arbitral tribunal shall not be hindered by any controversy with respect to the sufficiency of the notice of arbitration, which shall be finally resolved by the arbitral tribunal.
6. In exercising their functions under these Rules, CEAC and the CEAC Appointing Authority may require from any party and the arbitrators the information they deem necessary to fulfil their function and they shall give the parties and, where appropriate, the arbitrators, an opportunity to present their views in any manner they consider appropriate. All such communications to and from CEAC and the CEAC Appointing Authority shall also be provided by the sender to all other parties. A copy of any and all communication exchanged between the parties and the arbitrators shall also be sent to CEAC (without annexes unless requested otherwise by CEAC).

Response to the notice of arbitration ARTICLE 4

1. Within 30 days of the receipt of the notice of arbitration, the respondent shall communicate to the claimant a response to the notice of arbitration, which shall include:
- (a) The name and contact details of each respondent;
 - (b) A response to the information set forth in the notice of arbitration, pursuant to article 3, paragraphs 3 (c) to (g).

2. The response to the notice of arbitration may also include:
- (a) Any plea that an arbitral tribunal to be constituted under these Rules lacks jurisdiction;
 - (b) A proposal for the appointment of a sole arbitrator referred to in article 8, paragraph 1;
 - (c) Notification of the appointment of an arbitrator referred to in article 9 or 10;
 - (d) A brief description of counterclaims or claims for the purpose of a set-off, if any, including where relevant, an indication of the amounts involved, and the relief or remedy sought;
 - (e) A notice of arbitration in accordance with article 3 in case the respondent formulates a claim against a party to the arbitration agreement other than the claimant.
3. The constitution of the arbitral tribunal shall not be hindered by any controversy with respect to the respondent's failure to communicate a response to the notice of arbitration, or an incomplete or late response to the notice of arbitration, which shall be finally resolved by the arbitral tribunal.

Representation and assistance

ARTICLE 5

Each party may be represented or assisted by persons chosen by it. The names and addresses of such persons must be communicated to all parties and to the arbitral tribunal. Such communication must specify whether the appointment is being made for purposes of representation or assistance. Where a person is to act as a representative of a party, the arbitral tribunal, on its own initiative or at the request of any party, may at any time require proof of authority granted to the representative in such a form as the arbitral tribunal may determine.

Appointing Authority

ARTICLE 6

The **CEAC** Appointing Authority⁵ shall have regard to such considerations as are likely to secure the

appointment of an independent and impartial arbitrator and shall take into account the advisability of appointing an arbitrator of a nationality other than the nationalities of the parties.

⁵ Art. 2 of the CEAC statutes which are available at the CEAC download centre (www.ceac-arbitration.com).

SECTION II. COMPOSITION OF THE ARBITRAL TRIBUNAL

Number of arbitrators

ARTICLE 7

1. If the parties have not previously agreed on the number of arbitrators, and if within 30 days after the receipt by the respondent of the notice of arbitration the parties have not agreed that there shall be only one arbitrator, three arbitrators shall be appointed.
2. Notwithstanding paragraph 1, if no other parties have responded to a party's proposal to appoint a sole arbitrator within the time limit provided for in paragraph 1 and the party or parties concerned have failed to appoint a second arbitrator in accordance with article 9 or 10, the **CEAC** Appointing Authority may, at the request of a party, appoint a sole arbitrator if it determines that, in view of the circumstances of the case, this is more appropriate.

Appointment of arbitrators (articles 8 to 10)

ARTICLE 8

If the parties have agreed that a sole arbitrator is to be appointed and if within 30 days after receipt by all other parties of a proposal for the appointment of a sole arbitrator the parties have not reached agreement thereon, a sole arbitrator shall, at the request of a party, be appointed by the **CEAC** Appointing Authority.

ARTICLE 9

1. If three arbitrators are to be appointed, each party shall appoint one arbitrator. The two arbitrators thus appointed shall choose the third arbitrator who will act as the presiding arbitrator of the arbitral tribunal.
2. If within 30 days after the receipt of a party's notification of the appointment of an arbitrator the other party has not notified the first party of the arbitrator it has appointed, the first party may re-

quest the **CEAC** Appointing Authority to appoint the second arbitrator.

3. If within 30 days after the appointment of the second arbitrator **and the communication of such appointment by CEAC to the party which has first nominated an arbitrator**, the two arbitrators have not agreed on the choice of the presiding arbitrator, the presiding arbitrator shall be appointed by the **CEAC** Appointing Authority in the same way as a sole arbitrator would be appointed under article 8. **In exceptional circumstances, such time period may be extended by CEAC management.**

ARTICLE 10

1. For the purposes of article 9, paragraph 1, where three arbitrators are to be appointed and there are multiple parties as claimant or as respondent, unless the parties have agreed to another method of appointment of arbitrators, the multiple parties jointly, whether as claimant or as respondent, shall appoint an arbitrator.
2. If the parties have agreed that the arbitral tribunal is to be composed of a number of arbitrators other than one or three, the arbitrators shall be appointed according to the method agreed upon by the parties. **The number of arbitrators shall not be an even number.**
3. In the event of any failure to constitute the arbitral tribunal under these Rules, the **CEAC** Appointing Authority shall, at the request of any party, constitute the arbitral tribunal and, in doing so, may revoke any appointment already made and appoint or reappoint each of the arbitrators and designate one of them as the presiding arbitrator.

Disclosures by and challenge of arbitrators (articles 11 to 13)

ARTICLE 11

When a person is approached in connection with his or her possible appointment as an arbitrator, he or she shall disclose any circumstances likely to give rise to justifiable doubts as to his or her impartiality or independence. An arbitrator, from the time of

his or her appointment and throughout the arbitral proceedings, shall without delay disclose any such circumstances to the parties and the other arbitrators unless they have already been informed by him or her of these circumstances.

ARTICLE 12

1. Any arbitrator may be challenged if circumstances exist that give rise to justifiable doubts as to the arbitrator's impartiality or independence.
2. A party may challenge the arbitrator appointed by it only for reasons of which it becomes aware after the appointment has been made.
3. In the event that an arbitrator fails to act or in the event of the de jure or de facto impossibility of his or her performing his or her functions, the procedure in respect of the challenge of an arbitrator as provided in article 13 shall apply.

ARTICLE 13

1. A party that intends to challenge an arbitrator shall send notice of its challenge within 15 days after it has been notified of the appointment of the challenged arbitrator, or within 15 days after the circumstances mentioned in articles 11 and 12 became known to that party.
2. The notice of challenge shall be communicated to all other parties, to the arbitrator who is challenged and to the other arbitrators. The notice of challenge shall state the reasons for the challenge.
3. When an arbitrator has been challenged by a party, all parties may agree to the challenge. The arbitrator may also, after the challenge, withdraw from his or her office. In neither case does this imply acceptance of the validity of the grounds for the challenge.
4. If, within 15 days from the date of the notice of challenge, all parties do not agree to the challenge or the challenged arbitrator does not withdraw, the party making the challenge may elect

to pursue it. In that case, within 30 days from the date of the notice of challenge, it shall seek a decision on the challenge by the **CEAC** Appointing Authority.

Replacement of an arbitrator ARTICLE 14

1. Subject to paragraph 2, in any event where an arbitrator has to be replaced during the course of the arbitral proceedings, a substitute arbitrator shall be appointed or chosen pursuant to the procedure provided for in articles 8 to 11 that was applicable to the appointment or choice of the arbitrator being replaced. This procedure shall apply even if during the process of appointing the arbitrator to be replaced, a party had failed to exercise its right to appoint or to participate in the appointment.
2. If, at the request of a party, the **CEAC** Appointing Authority determines that, in view of the exceptional circumstances of the case, it would be justified for a party to be deprived of its right to appoint a substitute arbitrator, the **CEAC** Appointing Authority may, after giving an opportunity to the parties and the remaining arbitrators to express their views: (a) appoint the substitute arbitrator; or (b) after the closure of the hearings, authorize the other arbitrators to proceed with the arbitration and make any decision or award.

Repetition of hearings in the event of the replacement of an arbitrator ARTICLE 15

If an arbitrator is replaced, the proceedings shall resume at the stage where the arbitrator who was replaced ceased to perform his or her functions, unless the arbitral tribunal decides otherwise.

Exclusion of liability ARTICLE 16

Save for intentional wrongdoing, the parties waive, to the fullest extent permitted under the applicable law, any claim against the arbitrators, the appointing authority and any person appointed by the arbitral tribunal based on any act or omission in connection

with the arbitration. In particular, no arbitrator, employee or agent of an arbitrator shall be liable to any person for any act or omission in connection with an arbitration unless they are shown to have intentionally caused damage by conscious and deliberate wrongdoing. Similarly, CEAC, its organs (Management, Secretary General, Advisory Board) and employees and any other service providers engaged by CEAC shall not be liable with respect to any act or omission in connection with an arbitration unless they are shown to have intentionally caused damage by conscious and deliberate wrongdoing.

SECTION III.

ARBITRAL PROCEEDINGS

General provisions ARTICLE 17

1. Subject to these Rules, the arbitral tribunal may conduct the arbitration in such manner as it considers appropriate, provided that the parties are treated with equality and that at an appropriate stage of the proceedings each party is given a reasonable opportunity of presenting its case. The arbitral tribunal, in exercising its discretion, shall conduct the proceedings so as to avoid unnecessary delay and expense and to provide a fair and efficient process for resolving the parties' dispute.
2. As soon as practicable after its constitution and after inviting the parties to express their views, the arbitral tribunal shall establish the provisional timetable of the arbitration. The arbitral tribunal may, at any time, after inviting the parties to express their views, extend or abridge any period of time prescribed under these Rules or agreed by the parties.
3. If at an appropriate stage of the proceedings any party so requests, the arbitral tribunal shall hold hearings for the presentation of evidence by witnesses, including expert witnesses, or for oral argument. In the absence of such a request, the arbitral tribunal shall decide whether to hold such hearings or whether the proceedings shall be conducted on the basis of documents and other materials.
4. All communications to the arbitral tribunal by one party shall be communicated by that party to all other parties. Such communications shall be made at the same time, except as otherwise permitted by the arbitral tribunal if it may do so under applicable law.
5. The arbitral tribunal may, at the request of any party, allow one or more third persons to be joined in the arbitration as a party provided such person is a party to the arbitration agreement, unless the arbitral tribunal finds, after giving all par-

ties, including the person or persons to be joined, the opportunity to be heard, that joinder should not be permitted because of prejudice to any of those parties. The arbitral tribunal may make a single award or several awards in respect of all parties so involved in the arbitration.

Place of arbitration
ARTICLE 18

- 1. If the parties have not explicitly agreed on another seat, the seat of the arbitration will be Hamburg, Germany. Regardless of the seat of the arbitration, the parties are free to determine any appropriate place for hearings or other proceedings.**
2. The arbitral tribunal may meet at any location it considers appropriate for deliberations. Unless otherwise agreed by the parties, the arbitral tribunal may also meet at any location it considers appropriate for any other purpose, including hearings.

Language
ARTICLE 19

1. Subject to an agreement by the parties, the arbitral tribunal shall, promptly after its appointment, determine the language or languages to be used in the proceedings. This determination shall apply to the statement of claim, the statement of defence, and any further written statements and, if oral hearings take place, to the language or languages to be used in such hearings.
2. The arbitral tribunal may order that any documents annexed to the statement of claim or statement of defence, and any supplementary documents or exhibits submitted in the course of the proceedings, delivered in their original language, shall be accompanied by a translation into the language or languages agreed upon by the parties or determined by the arbitral tribunal.
- 3. Unless otherwise agreed by the parties, all arbitrators in the respective proceedings and CEAC management, English is the working language of CEAC.**

Statement of claim
ARTICLE 20

1. The claimant shall communicate its statement of claim in writing to the respondent and to each of the arbitrators within a period of time to be determined by the arbitral tribunal. The claimant may elect to treat its notice of arbitration referred to in article 3 as a statement of claim, provided that the notice of arbitration also complies with the requirements of paragraphs 2 to 4 of this article.
2. The statement of claim shall include the following particulars:
 - (a) The names and contact details of the parties;
 - (b) A statement of the facts supporting the claim;
 - (c) The points at issue;
 - (d) The relief or remedy sought;
 - (e) The legal grounds or arguments supporting the claim.
3. A copy of any contract or other legal instrument out of or in relation to which the dispute arises and of the arbitration agreement shall be annexed to the statement of claim.
4. The statement of claim should, as far as possible, be accompanied by all documents and other evidence relied upon by the claimant, or contain references to them.

Statement of defence
ARTICLE 21

1. The respondent shall communicate its statement of defence in writing to the claimant and to each of the arbitrators within a period of time to be determined by the arbitral tribunal. The respondent may elect to treat its response to the notice of arbitration referred to in article 4 as a statement of defence, provided that the response to the notice of arbitration also complies with the requirements of paragraph 2 of this article.
2. The statement of defence shall reply to the particulars (b) to (e) of the statement of claim (art. 20, para. 2). The statement of defence should, as far as possible, be accompanied by all docu-

ments and other evidence relied upon by the respondent, or contain references to them.

3. In its statement of defence, or at a later stage in the arbitral proceedings if the arbitral tribunal decides that the delay was justified under the circumstances, the respondent may make a counterclaim or rely on a claim for the purpose of a set-off provided that the arbitral tribunal has jurisdiction over it.
4. The provisions of article 20, paragraphs 2 to 4, shall apply to a counterclaim, a claim under article 4, paragraph 2 (e), and a claim relied on for the purpose of a set-off.

Amendments to the claim or defence

ARTICLE 22

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

Pleas as to the jurisdiction of the arbitral tribunal

ARTICLE 23

1. The arbitral tribunal shall have the power to rule on its own jurisdiction, including any objections with respect to the existence or validity of the arbitration agreement. For that purpose, an arbitration clause that forms part of a contract shall be treated as an agreement independent of the other terms of the contract. A decision by the arbitral tribunal that the contract is null shall not entail automatically the invalidity of the arbitration clause.
2. A plea that the arbitral tribunal does not have jurisdiction shall be raised no later than in the

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

3. The arbitral tribunal may rule on a plea referred to in paragraph 2 either as a preliminary question or in an award on the merits. The arbitral tribunal may continue the arbitral proceedings and make an award, notwithstanding any pending challenge to its jurisdiction before a court.

Further written statements

ARTICLE 24

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

Periods of time

ARTICLE 25

The periods of time fixed by the arbitral tribunal for the communication of written statements (including the statement of claim and statement of defence) should not exceed 45 days. However, the arbitral tribunal may extend the time limits if it concludes that an extension is justified.

Interim measures

ARTICLE 26

1. The arbitral tribunal may, at the request of a party, grant interim measures.
2. An interim measure is any temporary measure by which, at any time prior to the issuance of the

award by which the dispute is finally decided, the arbitral tribunal orders a party, for example and without limitation, to:

- (a) Maintain or restore the status quo pending determination of the dispute;
 - (b) Take action that would prevent, or refrain from taking action that is likely to cause, (i) current or imminent harm or (ii) prejudice to the arbitral process itself;
 - (c) Provide a means of preserving assets out of which a subsequent award may be satisfied; or
 - (d) Preserve evidence that may be relevant and material to the resolution of the dispute.
3. The party requesting an interim measure under paragraphs 2 (a) to (c) shall satisfy the arbitral tribunal that:
- (a) Harm not adequately reparable by an award of damages is likely to result if the measure is not ordered, and such harm substantially outweighs the harm that is likely to result to the party against whom the measure is directed if the measure is granted; and
 - (b) There is a reasonable possibility that the requesting party will succeed on the merits of the claim. The determination on this possibility shall not affect the discretion of the arbitral tribunal in making any subsequent determination.
4. With regard to a request for an interim measure under paragraph 2 (d), the requirements in paragraphs 3 (a) and (b) shall apply only to the extent the arbitral tribunal considers appropriate.
5. The arbitral tribunal may modify, suspend or terminate an interim measure it has granted, upon application of any party or, in exceptional circumstances and upon prior notice to the parties, on the arbitral tribunal's own initiative.
6. The arbitral tribunal may require the party requesting an interim measure to provide appropriate security in connection with the measure.
7. The arbitral tribunal may require any party promptly to disclose any material change in the

circumstances on the basis of which the interim measure was requested or granted.

8. The party requesting an interim measure may be liable for any costs and damages caused by the measure to any party if the arbitral tribunal later determines that, in the circumstances then prevailing, the measure should not have been granted. The arbitral tribunal may award such costs and damages at any point during the proceedings.
9. A request for interim measures addressed by any party to a judicial authority shall not be deemed incompatible with the agreement to arbitrate, or as a waiver of that agreement.

Evidence

ARTICLE 27

1. Each party shall have the burden of proving the facts relied on to support its claim or defence.
2. Witnesses, including expert witnesses, who are presented by the parties to testify to the arbitral tribunal on any issue of fact or expertise may be any individual, notwithstanding that the individual is a party to the arbitration or in any way related to a party. Unless otherwise directed by the arbitral tribunal, statements by witnesses, including expert witnesses, may be presented in writing and signed by them.
3. At any time during the arbitral proceedings the arbitral tribunal may require the parties to produce documents, exhibits or other evidence within such a period of time as the arbitral tribunal shall determine.
4. The arbitral tribunal shall determine the admissibility, relevance, materiality and weight of the evidence offered.

Hearings

ARTICLE 28

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

2. Witnesses, including expert witnesses, may be heard under the conditions and examined in the manner set by the arbitral tribunal.
3. Hearings shall be held in camera unless the parties agree otherwise. The arbitral tribunal may require the retirement of any witness or witnesses, including expert witnesses, during the testimony of such other witnesses, except that a witness, including an expert witness, who is a party to the arbitration shall not, in principle, be asked to retire.
4. The arbitral tribunal may direct that witnesses, including expert witnesses, be examined through means of telecommunication that do not require their physical presence at the hearing (such as videoconference).

Experts appointed by the arbitral tribunal
ARTICLE 29

1. After consultation with the parties, the arbitral tribunal may appoint one or more independent experts to report to it, in writing, on specific issues to be determined by the arbitral tribunal. A copy of the expert's terms of reference, established by the arbitral tribunal, shall be communicated to the parties.
2. The expert shall, in principle before accepting appointment, submit to the arbitral tribunal and to the parties a description of his or her qualifications and a statement of his or her impartiality and independence. Within the time ordered by the arbitral tribunal, the parties shall inform the arbitral tribunal whether they have any objections as to the expert's qualifications, impartiality or independence. The arbitral tribunal shall decide promptly whether to accept any such objections. After an expert's appointment, a party may object to the expert's qualifications, impartiality or independence only if the objection is for reasons of which the party becomes aware after the appointment has been made. The arbitral tribunal shall decide promptly what, if any, action to take.
3. The parties shall give the expert any relevant information or produce for his or her inspection any

relevant documents or goods that he or she may require of them. Any dispute between a party and such expert as to the relevance of the required information or production shall be referred to the arbitral tribunal for decision.

4. Upon receipt of the expert's report, the arbitral tribunal shall communicate a copy of the report to the parties, which shall be given the opportunity to express, in writing, their opinion on the report. A party shall be entitled to examine any document on which the expert has relied in his or her report.
5. At the request of any party, the expert, after delivery of the report, may be heard at a hearing where the parties shall have the opportunity to be present and to interrogate the expert. At this hearing, any party may present expert witnesses in order to testify on the points at issue. The provisions of article 28 shall be applicable to such proceedings.

Default
ARTICLE 30

1. If, within the period of time fixed by these Rules or the arbitral tribunal, without showing sufficient cause:
 - (a) The claimant has failed to communicate its statement of claim, the arbitral tribunal shall issue an order for the termination of the arbitral proceedings, unless there are remaining matters that may need to be decided and the arbitral tribunal considers it appropriate to do so;
 - (b) The respondent has failed to communicate its response to the notice of arbitration or its statement of defence, the arbitral tribunal shall order that the proceedings continue, without treating such failure in itself as an admission of the claimant's allegations; the provisions of this subparagraph also apply to a claimant's failure to submit a defence to a counterclaim or to a claim for the purpose of a set-off.
2. If a party, duly notified under these Rules, fails to appear at a hearing, without showing sufficient

cause for such failure, the arbitral tribunal may proceed with the arbitration.

- 3 If a party, duly invited by the arbitral tribunal to produce documents, exhibits or other evidence, fails to do so within the established period of time, without showing sufficient cause for such failure, the arbitral tribunal may make the award on the evidence before it.

Closure of hearings

ARTICLE 31

1. The arbitral tribunal may inquire of the parties if they have any further proof to offer or witnesses to be heard or submissions to make and, if there are none, it may declare the hearings closed.
2. The arbitral tribunal may, if it considers it necessary owing to exceptional circumstances, decide, on its own initiative or upon application of a party, to reopen the hearings at any time before the award is made.

Time Limit for the Award

ARTICLE 31A

1. **Unless otherwise agreed by the parties, the time limit within which the arbitral tribunal must render its final award is nine months as of the constitution of the arbitral tribunal.**
2. **The management of CEAC may extend this time limit pursuant to a reasoned request from the arbitral tribunal or on its own initiative if it decides this to be necessary.**

Waiver of right to object

ARTICLE 32

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

SECTION IV. THE AWARD

Decisions

ARTICLE 33

1. When there is more than one arbitrator, any award or other decision of the arbitral tribunal shall be made by a majority of the arbitrators.
2. In the case of questions of procedure, when there is no majority or when the arbitral tribunal so authorizes, the presiding arbitrator may decide alone, subject to revision, if any, by the arbitral tribunal.

Form and effect of the award

ARTICLE 34

1. The arbitral tribunal may make separate awards on different issues at different times.
2. All awards shall be made in writing and shall be final and binding on the parties. The parties shall carry out all awards without delay.
3. The arbitral tribunal shall state the reasons upon which the award is based, unless the parties have agreed that no reasons are to be given.
4. An award shall be signed by the arbitrators and it shall contain the date on which the award was made and indicate the place of arbitration. Where there is more than one arbitrator and any of them fails to sign, the award shall state the reason for the absence of the signature.
5. An award may be made public with the consent of all parties or where and to the extent disclosure is required of a party by legal duty, to protect or pursue a legal right or in relation to legal proceedings before a court or other competent authority.
6. Copies of the award signed by the arbitrators shall be communicated to the parties and **CEAC** by the arbitral tribunal.

1. **The arbitral tribunal shall apply the law or rules of law designated by the parties as applicable to the substance of the dispute. The parties may wish to consider the use of this model clause with the following option by marking one of the following boxes:**

This contract shall be governed by

- a) **the law of the jurisdiction of _____ [country to be inserted]⁶,
or**
- b) **the United Nations Convention on Contracts for the International Sale of Goods of 1980 (CISG)⁷ without regard to any national reservation, supplemented for matters which are not governed by the CISG⁸, by the UNIDROIT Principles of International Commercial Contracts⁹ and these supplemented by the otherwise applicable national law, or**
- c) **the UNIDROIT Principles of International Commercial Contracts supplemented by the otherwise applicable law.**

In the absence of any such agreement, the arbitral tribunal shall apply the rules of law which it determines to be appropriate.

2. The arbitral tribunal shall decide as amiable compositeur or ex aequo et bono only if the parties have expressly authorized the arbitral tribunal to do so.
3. In all cases, the arbitral tribunal shall decide in accordance with the terms of the contract, if any, and shall take into account any usage of trade applicable to the transaction.

6 With respect to sales contracts it should be noted that, according to Art. 1 lit. b) CISG, such national law may include the United Nations Convention on Contracts for the International Sale of Goods of 1980 (CISG) in their “nationalised” version: That is the version applicable with due consideration of the national reservations made by the state whose law is chosen. In the case of choice of Chinese law this includes the Chinese reservation made according to Art. 96 CISG. That reservation concerns the form of the conclusion of contracts – it requires the written form – which was made in view of the Chinese national law in force at the time of issuance of the reservation while the Chinese Civil Law has changed ever since.

7 See e.g. the literature and cases referred to at www.unilex.info.

8 This limitation reflects the UNCITRAL report 2007 regarding the discussion with respect to the relationship between the CISG and the UNIDROIT Principles at the 2007 session of UNCITRAL. Matters which are governed by the CISG are to be interpreted according to the CISG (including Art. 7 CISG).

9 See www.unilex.info.

Settlement or other grounds for termination

ARTICLE 36

1. If, before the award is made, the parties agree on a settlement of the dispute, the arbitral tribunal shall either issue an order for the termination of the arbitral proceedings or, if requested by the parties and accepted by the arbitral tribunal, record the settlement in the form of an arbitral award on agreed terms. The arbitral tribunal is not obliged to give reasons for such an award.
2. If, before the award is made, the continuation of the arbitral proceedings becomes unnecessary or impossible for any reason not mentioned in paragraph 1, the arbitral tribunal shall inform the parties of its intention to issue an order for the termination of the proceedings. The arbitral tribunal shall have the power to issue such an order unless there are remaining matters that may need to be decided and the arbitral tribunal considers it appropriate to do so.
3. Copies of the order for termination of the arbitral proceedings or of the arbitral award on agreed terms, signed by the arbitrators, shall be communicated by the arbitral tribunal to the parties **and to CEAC**. Where an arbitral award on agreed terms is made, the provisions of article 34, paragraphs 2, 4 and 5, shall apply.

Interpretation of the award

ARTICLE 37

1. Within 30 days after the receipt of the award, a party, with notice to the other parties **and CEAC**, may request that the arbitral tribunal give an interpretation of the award.
2. The interpretation shall be given in writing within 45 days after the receipt of the request. The interpretation shall form part of the award and the provisions of article 34, paragraphs 2 to 6, shall apply.

Correction of the award

ARTICLE 38

1. Within 30 days after the receipt of the award, a party, with notice to the other parties and **CEAC**, may request the arbitral tribunal to correct in the award any error in computation, any clerical or typographical error, or any error or omission of a similar nature. If the arbitral tribunal considers that the request is justified, it shall make the correction within 45 days of receipt of the request.
2. The arbitral tribunal may within 30 days after the communication of the award make such corrections on its own initiative.
3. Such corrections shall be in writing and shall form part of the award. The provisions of article 34, paragraphs 2 to 6, shall apply.

Additional award

ARTICLE 39

1. Within 30 days after the receipt of the termination order or the award, a party, with notice to the other parties **and CEAC**, may request the arbitral tribunal to make an award or an additional award as to claims presented in the arbitral proceedings but not decided by the arbitral tribunal.
2. If the arbitral tribunal considers the request for an award or additional award to be justified, it shall render or complete its award within 60 days after the receipt of the request. The arbitral tribunal may extend, if necessary, the period of time within which it shall make the award.
3. When such an award or additional award is made, the provisions of article 34, paragraphs 2 to 6, shall apply.

Definition of costs

ARTICLE 40

1. **The arbitral tribunal shall state the costs of the arbitration in its award or if it deems appropriate, in another decision, according to the prior determination of costs by CEAC**

management. The term “costs” includes only:

- (a) The fees of the arbitral tribunal to be stated separately as to each arbitrator;
- (b) The travel and other expenses incurred by the arbitrators;
- (c) The costs of expert advice and of other assistance required by the arbitral tribunal;
- (d) The travel and other expenses of witnesses to the extent such expenses are approved by the arbitral tribunal;
- (e) The costs of legal representation and assistance of the successful party if such costs were claimed during the arbitral proceedings, but only to the extent that the arbitral tribunal determines that the amount of such costs is reasonable and that they were reasonably incurred;
- (f) Any fees and expenses of CEAC incurred in connection with the case.
- (g) VAT, if applicable, in relation to the costs.

2. In relation to interpretation, correction or completion of any award under Articles 37 to 39, the arbitral tribunal may charge the costs referred to in paragraphs 1 (b) to (f), but no additional fees.

Fees and expenses of arbitrators and CEAC ARTICLE 41

1. Before rendering the final award, the arbitral tribunal shall request CEAC management to finally determine the costs of the arbitral proceedings (and at that time the arbitration tribunal shall also request a decision, if necessary, under No. 4 of the Schedule of Costs in light of “excessive workload of the arbitrators”). The fees of the arbitral tribunal and CEAC shall be calculated according to the CEAC Schedule of Costs as in force at the time of commencement of the arbitral proceedings.
2. If the arbitral proceedings are terminated before the final award is rendered, the CEAC management shall finally determine the costs of the arbitral proceedings having regard to when the arbitral proceedings terminate, the

work performed by the arbitral tribunal and any other relevant circumstances.

3. The parties are jointly and severally liable to the arbitrator(s) and to CEAC for the costs of the arbitral proceedings.

Allocation of costs ARTICLE 42

1. The costs of the arbitration shall in principle be borne by the unsuccessful party or parties. However, the arbitral tribunal may apportion each of such costs between the parties if it determines that apportionment is reasonable, taking into account the circumstances of the case.
2. The arbitral tribunal shall in the final award or, if it deems appropriate, in any other award, determine any amount that a party may have to pay to another party as a result of the decision on allocation of costs.

Deposit of costs ARTICLE 43

1. Upon filing of the statement of claim by claimant, CEAC’s management may order the parties to deposit an amount as an advance for the costs referred to in article 40 of these Rules.
2. Each party shall pay half of the advance on costs, unless separate advances are determined (e.g. in a multi-party arbitration), and except for the initial administration fee which shall be advanced by the claimant. Where counterclaims are submitted, CEAC’s management shall invoice any additional costs according to the principles set forth in sentence 1 of this Article 43 para. 2. This shall not apply to the CEAC administration fee: In this respect, the party filing the counterclaim shall advance the additional amount, if any, incurred as a result of the filing of the counterclaim, plus VAT. Upon its own initiative or upon request by the arbitral tribunal, CEAC’s management may order the parties to pay additional advances during the course of the arbitral proceedings.

3. If a party fails to make a required payment, CEAC's management shall give the other party an opportunity to do so within a specified period of time. If the required payment is not made within such period of time, the claim or the counterclaim shall be deemed to have been withdrawn. If the other party makes the required payment, the arbitral tribunal may, at the request of such party, render at any time a separate award for reimbursement of the payment.
4. At any stage during the arbitral proceedings or after the award has been rendered, CEAC's management may draw on the advance on costs to cover the costs of the arbitral proceedings.
5. CEAC's management may order that part of the advance on costs shall be provided in the form of a bank guarantee or other form of security. Advances on costs shall not bear any interest.
6. After the award has been issued, CEAC's management shall render to the parties an accounting of the deposits received and return the balance, if any, to the parties in such proportion as the tribunal may have determined.
7. The arbitrators are remunerated after termination of the proceedings. If the proceedings consist of more than one oral hearing, the arbitrators are entitled to 50% of their share of the arbitral fees plus VAT, as applicable, after the first hearing.

ANNEX

MODEL ARBITRATION CLAUSE

Any dispute, controversy or claim arising out of or relating to this contract, or the breach, termination or invalidity thereof, shall be settled by institutional arbitration administered by the Chinese European Arbitration Centre (CEAC) in Hamburg (Germany) in accordance with the CEAC Hamburg Arbitration Rules.

Options:

- (a) The number of arbitrators shall be ____ ((i) one or (ii) three or (iii) three unless the amount in dispute is less than € _____ [e.g. 100.000 €] in which case the matter shall be decided by a sole arbitrator);
- (b) Regardless of the seat of arbitration, the arbitral tribunal is free to hold hearings in _____ (town and country);
- (c) The language(s) to be used in the arbitral proceedings shall be _____;
- (d) Documents also may be submitted in _____ (language).
- (e) The Arbitration shall be confidential.
- (f) The parties agree that also the mere existence of an arbitral proceeding shall be kept confidential except to the extent disclosure is required by law, regulation or an order of a competent court.
- (g) The arbitral tribunal shall apply the CEAC Hamburg Arbitration Rules as in force at the moment of the commencement of the arbitration unless one of the parties requests the tribunal, within 4 weeks as of the constitution of the arbitral tribunal, to operate according to the CEAC Hamburg Arbitration Rules as in force at the conclusion of this contract.

SCHEDULE OF COSTS

The initial Schedule of Costs has been determined by the General Assembly of the Chinese European Arbitration Centre GmbH in its foundation meeting on 2 September 2008 as follows:

- 1. Amounts in dispute up to 15,000.00 €:** For amounts in dispute with a value of up to 15,000 €, the fee for a Sole Arbitrator or the Chairman of an Arbitral Tribunal shall amount to 2,700.00 € and for each co-arbitrator to 1,950.00 €¹, subject to the provisions in number 4. The CEAC-administration fee shall be 500.00 €.
- 2. Amounts in dispute from 15,000.01 € to 100,000,000 €:** Subject to the provision in number 4, the fee for the Sole Arbitrator or Chairman of the Arbitral Tribunal, the Co-Arbitrators and the CEAC-administration fees shall be as indicated in the attached **Annex to the Schedule of Costs**.
- 3. Amounts in dispute above 100,000,000 €:** With every further step of “up to € 500,000” of the amount in dispute, the overall fee shall be increased by € 800. Hereof € 300 shall be charged for the account of costs for the Chairman and € 250 for each of the Co-Arbitrators.
Example: At a value of a claim of 101,020,000 € the total costs will be 3 x 800 € = 2.400 € higher as compared to the costs calculated for claims with a value of up to 100 Mio. €, because three steps of “up to 500.000” have been reached (in that example, the value of the claim is by 20.000 € higher than 100 Mio. + 2 x € 500.000).

- 4. Rule for arbitration proceedings causing exceeding workload for the arbitrators:** The fees granted to the arbitrators according to the attached Annex to the Schedule of Costs shall be divided by 150.00 € for cases where the amount in dispute is up to 100,000.00 € and by 250.00 € where the amount in dispute is more than 100,000.00 €. The result of that calculation shall correspond to the number of hours duly compensated by the above Schedule of Costs (“Compensated Hourly Workload” or “CHW”). If the workload of an arbitrator exceeds the “Compensated Hourly Workload” or “CHW” by 20% (“CHW + 20”), the additional workload of the arbitrator above CHW + 20 may be compensated on the basis of 150.00 € up to 250.00 € per hour for each hour exceeding the CHW + 20 subject to decision of the Chairman of the Advisory Board, who may delegate this competence to decide to the entire Advisory Board or the competent Chamber of the Appointing Authority, with due regard to the circumstances (if, for any reasons whatsoever, after such delegation of competence, the Appointing Authority does not come to a decision within four weeks as of such delegation of power, the Chairman of the Advisory Board may rescind its decision and decide himself or jointly with the entire Advisory Board). Such decision shall be made by the deciding body in its sole discretion. However, the total amount to be awarded to the arbitrators shall not exceed the initial amount as calculated according to No. 1, 2 or 3 by more than 50%.

- 5. Multi party arbitrations:** If more than two parties are parties to the arbitration, the amounts of the arbitrator’s fees as calculated according to number No. 1 through 4 shall be increased by 20% for each additional party. However, the arbitrator’s fees shall not be increased by more than 50%

¹ Note: International cases cause usually substantial effort to treat them diligently. It may be advisable to agree on a certain amount in dispute up to which the matter shall be handled by a sole arbitrator. See the options in lit (a) of the Model Arbitration Clause contained in Art. 3 paragraph 2 CEAC Rules.

of the amount calculated according to number 1 through 4.

- 6. Counterclaims and Off-Sets:** The value of counterclaims shall be added to the value of the claim. The value of off-sets shall not be added to the value of the claim.
- 7. Interim Measures:** A request for an interim measure of protection shall be compensated by an increase of the arbitrator's or arbitrators' fees by 30% of the fee payable at the time of the request.
- 8. Expenses of Arbitrators:** Reasonable expenses of arbitrators shall be reimbursed to the arbitrator at cost plus VAT, if applicable according to the VAT law applicable to the arbitrators (in some cases, such VAT may be reimbursed at the end of the proceeding upon proof of an exemption to the competent tax authority, see below No. 10).
- 9. Expenses of CEAC:** General administration of proceedings by CEAC is covered by the CEAC-administration fee. All expenses of CEAC for the service of documents and other costs caused by the proceedings (including e.g. translation costs) shall be reimbursed at cost. While CEAC is able to communicate in a number of languages including German, Chinese (Mandarin), English, French, Italian, Spanish or Russian, submissions in other languages than English will have to be translated at costs into English unless all parties, the arbitrators and CEAC management agree

otherwise. Until such consent has been reached, CEAC shall decide at its discretion to be exercised in light of the circumstances of the case, what it will translate during the initial stage of the proceedings.

Value Added Tax: In addition to the costs set forth above, the parties shall be liable for Value Added Tax (VAT). The initial invoice shall be issued with German VAT. Parties from member states of the European Union, outside Germany, may request a refund and a corrected invoice without VAT if they prove to CEAC that they have a valid VAT-ID-number in their local jurisdiction which entitles them not to pay VAT in Germany. In such case, CEAC will refund the VAT after it has received it back from the German tax authorities. If the VAT-ID number is already communicated and proven at the time of the issuance of the initial invoice, such invoice shall be issued without VAT. Parties from states outside the European Union may claim a refund directly from the German Federal Central Tax Authority (*Bundeszentralamt für Steuern*, www.bzst.de) upon proof of the conditions for a refund as set forth by that tax authority. For arbitrators to which the VAT law of a member state of the European Union is applicable, the regime of sentences 1 through 6 also applies by analogy to the VAT on the arbitrators' fees. For arbitrators from other jurisdictions, the applicable VAT regime determines on whether or not there may be a claim for restitution of the VAT from the competent tax authority.