



Rules of Procedure of Arbitration Court Komercbanku un investīciju šķīrētība

I GENERAL PROVISIONS

1. Arbitration Court *Komercbanku un investīciju šķīrētība*

1.1. The Arbitration Court *Komercbanku un investīciju šķīrētība* (hereinafter referred to as the Arbitration Court) is an arbitration court, which operates independently and is established for the resolution of disputes under the jurisdiction of the arbitration court.

1.2. The Arbitration Court provides its activity on the grounds of Section D «Arbitration Court" of the Civil Procedure Law of the Republic of Latvia, the rules of procedure of the Arbitration Court, the parties' agreement and other applicable laws of the Republic of Latvia, international treaties and conventions that relate to the activities of the Arbitration Court.

... Taking into account the rules of the Arbitration Court of the United Nations Commission on International Trade Law (UNCITRAL) adopted by UN General Assembly Resolution № 31/98 of 15 December 1976.

1.3. The founder of the Arbitration Court *Komercbanku un investīciju šķīrētība* is a NGO „Strīdu alternatīva izšķiršana”, legal address: Str. Valņu 11, dz.2, Rīga, Republic of Latvia, LV-1050.

1.4. The work of the Arbitration Court is headed by the Chairman of the Arbitration Court, who operates in accordance with the rules of procedure of Arbitration Court and supervises the formation of its composition and activities. The Chairman of the Arbitration Court shall be elected by the general meeting of a NGO „Strīdu alternatīva izšķiršana”.

2. Disputes resolvable by the Arbitration Court

2.1. The Arbitration Court may resolve any civil dispute, unless the parties have entered into an agreement to submit the dispute to the Arbitration Court (Arbitration Court Agreement), except for disputes:

- 2.1.1. The award of which may infringe the rights or the interests protected by law of such a person as is not a party to the Arbitration Court Agreement;
- 2.1.2. In which a party, albeit even one, is a State or local government institution or the award of the arbitration court may affect the rights of State or local government institutions;
- 2.1.3. Which is related to amendments to the Civil Records Registry;
- 2.1.4. Which is related to the rights and duties of persons under guardianship or trusteeship or to their interests protected by Law;
- 2.1.5. Regarding establishment, alteration or termination of property rights in regard to immovable property, if among the parties to the dispute there is a person whose rights to acquire immovable property in ownership, possession or use are restricted by law;
- 2.1.6. Regarding the eviction of a person from living quarters;
- 2.1.7. Between employees and employers if the disputes has arisen entering into, amending, terminating or implementing an employment contract, as well as in applying or translating provisions of regulatory enactments, collective labour contract or working procedures (individual labour rights dispute); and
- 2.1.8. Regarding the rights and duties of such persons as who, up to the taking of the award of the Arbitration Court, have been declared insolvent.

3. Substantive and procedural rules that apply in the resolution of the dispute

3.1. The procedure for arbitration is governed by procedural rules that have the force at the time of the dispute resolution, of certain legal proceedings or during the execution of the arbitral award.

3.2. In resolving a dispute, an arbitration court shall first consider whether the parties have agreed as to what laws or what customary transaction practices their mutual relations are to be adjudicated pursuant to. Such agreement shall apply to the extent it does not conflict with the provisions of Sections 19, 24 and 25 of the Civil Law of the Republic of Latvia.

3.3. If the parties do not agree on which laws or practices to be applied in resolving the dispute, or the Arbitration Court has found the agreement to be invalid, the law applicable to the legal relations of the parties shall be determined in accordance with the provisions of the Introduction to the Civil Law of the Republic of Latvia.

II ARBITRATION COURT AGREEMENT

4. Concept of Arbitration Court Agreement, its parties and form

- 4.1. Arbitration Court Agreement is an agreement signed in accordance with the law regarding the referring of a dispute, which has already arisen or may arise in the future for resolution to the Arbitration Court.
- 4.2. Arbitration Court Agreement may be entered into by:
- 4.2.1. A capable natural person, irrespective of citizenship or place of residence,
- 4.2.2. A legal entity registered in Latvia or in a foreign state,
- 4.2.3. Other private law subjects.
- 4.3. Arbitration Court Agreement shall be entered into in written form. An agreement of the parties to submit the dispute to the Arbitration Court (Arbitration Court Agreement) may be entered into:
- 4.3.1. As a separate agreement;
- 4.3.2. As a special provision in the agreement of the parties (an arbitration court clause);
- 4.3.3. By exchange of letters, faxes, telegrams or other means of telecommunication as ensure that the intent of both parties to refer a dispute or a possible dispute for resolution to the Arbitration Court is recorded.
- 4.4. The Arbitration Court Agreement may be rescinded or amended pursuant to an agreement in writing between the parties.
- 4.5. If the parties agreed to submit the dispute to arbitration, but did not specify a particular arbitration court, and the plaintiff filed a statement of claim in the Arbitration Court *Komerbanku un investīciju šķīrējtiesa*, and if the other party has no objection against it, the dispute subordinate to this Arbitration Court.
- 4.6. In the Arbitration Court Agreement the parties may agree on the number of arbitrators, the procedure for resolving the dispute, either oral or written procedure, place of arbitration, language of the proceedings, applicable law and other matters in accordance with the law.
- 4.7. If the parties have agreed on the transfer of a dispute arising out of a specific contract to the Arbitration Court, it is assumed that the parties agreed to resolve by arbitration any dispute which involves a violation, cancellation or invalidation of the contract.
- 4.8. The parties may agree under the laws of what state the validity of an agreement is to be determined in the Arbitration Court. If the parties do not agree, the applicable law shall be determined in accordance with Sections 19 and 25 of the Civil Law of the Republic of Latvia.

5. Validity of the Arbitration Agreement

- 5.1. Persons who have entered into an agreement to refer a dispute for resolution to the Arbitration Court do not have the right to withdraw therefrom unless the arbitration court agreement has been amended or rescinded pursuant to the procedures stipulated by law or by the agreement.
- 5.2. Arbitration Court Agreement shall be in effect so long as the legal relations in connection with which, it has been entered into have not been terminated.
- 5.3. If an agreement to refer a dispute for resolution to an arbitration court is contained in a contract entered into by parties as a separate provision, such agreement shall be regarded as an independent agreement. If the time period of the contract has expired or the contract has been declared to not be in effect, the agreement to refer a dispute for resolution to an arbitration court shall remain in effect.

III PREPARATION REGARDING ARBITRATION COURT PROCEEDINGS

6. Jurisdiction of disputes to the Arbitration Court

- 6.1. The dispute is in the jurisdiction of the Arbitration Court if it is specified in the Arbitration Court Agreement, and if, in accordance with the Civil Procedure Law of the Republic of Latvia and Article 2 of the Rules of Procedure it is not in the exclusive competence of the courts of Latvia.
- 6.2. If the parties agreed to submit the dispute originating from a particular contract to the Arbitration Court, it is assumed that the parties agreed to resolve in the Arbitration Court any dispute that arises of that dispute, related to its violation, termination or invalidation.
- 6.3. The Arbitration Court itself shall decide as to jurisdiction regarding a dispute, including in cases where one of the parties disputes the existence or the being in effect of the Arbitration Court Agreement.
- 6.4. The Arbitration Court may decide a matter regarding determination of jurisdiction over a dispute at any stage of the arbitration court proceedings. Typically, the composition of the Arbitration Court shall decide the issue in the first place, but the composition of the Arbitration Court has the right to initiate or continue the arbitration court proceedings and to resolve this issue in the decision.
- 6.5. Chairman of the Arbitration Court has the right to decide on the jurisdiction over a dispute to the Arbitration Court and return the claim to the plaintiff without consideration, if the plaintiff has not presented evidence of the parties entered into an Arbitration Court Agreement or the parties reached an agreement to submit the dispute to another arbitration court.
- 6.6. Parties may declare in writing that the dispute or part of it is out of jurisdiction of the Arbitration Court, not later than the deadline for filing statement of defence.
- 6.7. If the objections that part of the dispute is not subordinate to the Arbitration Court arise from the parties in connection with amendments or changes to the statement of claim, the referred objections must be made immediately prior to the resolution of the dispute by the Arbitration Court.

6.8. If the Arbitration Court decides that the dispute or part of it is out of the jurisdiction of the Arbitration Court, the Arbitration Court shall terminate the dispute in whole or in part and shall decide on the termination of the Arbitration Court.

6.9. If the parties disagree as to the existence or validity of the Arbitration Court Agreement, but the court found that the dispute is subordinate to the Arbitration Court, the Arbitration Court has the right to resolve the dispute as subordinate.

6.10. If the party has not timely filed a statement that the dispute or a portion thereof does not subordinate to the Arbitration Court, in the future it may not express such an objection and is considered to have waived its right to continue to express such objections, including the consideration in court basis of the issue of performance of the arbitration award.

7. Securing a claim prior to its initiation

7.1. Potential plaintiff is entitled to ask a court of law to ensure the claim before filing a statement of claim. Such an application shall not be considered as failure to observe the terms of the Arbitration Court and shall not impede the resolution of a dispute by the Arbitration Court.

8. Equity and competitiveness of the parties

8.1. Arbitration Court, considering the dispute, complies with the principles of equality and adversarial. Each party has an equal right to expressing an opinion and defending their opinions.

9. Time periods

9.1. In the period of arbitration the Arbitration Court may itself at its discretion set the time of the proceedings, observing the provisions of the Rules of Procedure. If these terms are not specified in the Rules of Procedure, they shall be set by the Arbitration Court.

9.2. To perform procedural actions, a specific date or time to a specific date or time period (in years, months, days, or hours) shall be set. In case where the proceedings shall not be performed on a specific date, it can be done throughout the allotted time.

9.3. The expiration of proceedings period, calculated in years, months or days shall begin the day after the date or after the event, which is defined by its beginning.

9.4. The expiration of proceedings period, calculated in hours, shall begin from the hour after the event, which is defined by its beginning.

9.5. A period, calculated in years, shall expire in the corresponding month and day of the last year of the term. A period, calculated in months, shall expire on the corresponding day of the last month of the term. If the period, calculated in months, expires in a month, which has no corresponding date, it shall expire on the last day of the month. Time limit set to a specific number shall expire on the previous day.

9.6. If the last day of the term is a Saturday, Sunday or a statutory holiday, the last day of the term shall be the next business day.

9.7. The proceedings, which expire, can be enforced until midnight on the last day of the term.

9.8. If remedial action is enforceable in the Arbitration Court, the period shall expire at the hour when the Arbitration Court terminates. However, if the statement of claim or other correspondence has been handed to a postal institution on the last day of the period of twenty-four hours, they are deemed to be delivered on time.

9.9. In some cases, if the Arbitration Court considers it necessary, the Arbitration Court on its own initiative or at the request of one of the parties may extend the deadlines set by the Regulations.

10. Consequences of missing procedural terms, their suspension, renewal and extension

10.1. A right to the performance of the proceedings shall be lost with the deadline set by the Rules of Procedure or the Arbitration Court.

10.2. In case of suspension of the arbitration proceedings, time limits shall also be suspended. The countdown of the period shall stop at the time of the circumstances that led to the suspension of the arbitration.

10.3. The countdown shall continue from the day of resumption of the arbitration.

10.4. The Arbitration Court may reopen missed procedural deadlines, at the request of an interested party, if it considers the reasons for missing to be respectful and the renewal of the period to be appropriate. When restoring the default term, the Arbitration Court simultaneously shall allow them to execute a missed proceedings.

10.5. Deadlines established by the Arbitration Court may be extended upon motivated request of a party.

10.6. If an application for renewal or application for renewal of the missed deadline is filed prior to the appointment of the court composition, the issue is decided by the Chairman of the Arbitration Court, if the request is filed after the appointment of the court composition, the issue is decided by the composition of the judges.

11. Correspondence

11.1. During an arbitration procedure all notifications, applications and other correspondence shall to be sent by registered mail or in another manner, recording the fact of it being sent, or upon delivery, or to the addressee personally to be signed.

11.2. Correspondence shall be considered as received, if it is delivered to the addressee personally, or pursuant to the mailing address indicated by the addressee, or to the location (legal address) of a legal person, or to the place of residence of a natural person (at the declared place of residence), but if the address cannot be determined, to the last known address.

12. Confidentiality in arbitration proceedings

12.1. Legal proceedings in the Arbitration Court shall be confidential. Meetings of the Arbitration Court shall be close. Persons who are not participants in the process may attend a meeting of the Arbitration Court with the consent of both parties.

12.2. The Arbitration Court shall not give information about the proceedings to third parties and shall not publish it.

12.3. The duty of confidentiality shall apply both to the composition of the Arbitration Court and to staff of the Arbitration Court.

13. Arbitration Court Procedures

13.1. Parties have the right to freely determine the procedures of the Arbitration Court.

13.2. If the parties do not agree on the procedures of the Arbitration Court, it shall be deemed that the parties agreed to resolve the dispute in accordance with the Rules of Procedure of the Arbitration Court.

13.3. If the parties agreed only on certain conditions of the arbitration procedures, the Arbitration Court shall comply with the agreement of the parties, and the remainder of the Arbitration Court is guided by the Rules of Procedure.

14. Place of arbitration

14.1. The parties have the right to freely determine the place of the arbitration.

14.2. If the parties have not agreed on the place of the arbitration, the Arbitration Court shall determine it.

14.3. The Arbitration Court can set for the place of arbitration its own location or any other place it considers appropriate, taking into account the circumstances of the proceedings.

14.4. To learn the facts referred to by the parties, including examine the goods, or other property, or documents, or check them out, the Arbitration Court may meet at any place it considers appropriate, notifying the parties who are entitled to participate in the inspection.

14.5. If the parties have agreed on the place of arbitration outside of Riga, they shall cover travel costs and travel expenses of the arbitrators.

15. Language of proceedings in the Arbitration Court

15.1. Language of proceedings in the Arbitration Court shall be Latvian language, unless the parties agree otherwise the language of proceedings.

15.2. If the parties have agreed on a different language of proceedings, in which the composition of the Arbitration Court or any of the arbitrators, or any of the participants of the process are not fluent, the Arbitration Court may summon an interpreter.

15.3. Payment procedure for services of interpreter shall be established by the Arbitration Court in compliance with the rules of Annex 3 of the Rules of Procedure.

15.4. The Arbitration Court may require the parties to submit a simple or notarized translation of any written evidence into the language of proceedings.

16. Representation

16.1. Natural persons shall conduct their matters in the Arbitration Court themselves or through their authorised representatives.

16.2. Matters of legal persons shall be conducted in an arbitration court by their officials who act within the scope of the authorisation conferred pursuant to law, articles of association, or by other authorised representatives of legal persons.

16.3. Parties may retain attorneys or assistant attorneys to provide legal assistance during the Arbitration Court procedure.

17. Costs of Arbitration Court procedure

17.1. Costs of Arbitration Court procedure shall include charges for litigation and fees of the arbitrator, as specified in Annex 3 of the Rules of Procedure of the Arbitration Court, and which must be paid when filing a claim in the Arbitration Court.

17.2. Without payment of charges for litigation and fees of the arbitrator the case shall not be considered by the Arbitration Court. The plaintiff shall pay charges for litigation and fees of the arbitrator before the case examination.

17.3. The amount of costs of Arbitration Court procedure specified in Annex 3 of the Rules of Procedure of the Arbitration Court may be changed by the decision of the Chairman of the Arbitration Court, taking into account the time needed to resolve the dispute, and any other circumstances related to the dispute.

17.4. In addition, the costs of Arbitration Court procedure shall include services of secretaries, interpreters and experts, as well as travel expenses and per diem of the arbitrators, and other possible costs associated with the resolution of the dispute, payment of which shall be established by the Arbitration Court in compliance with the provisions of the regulations and payment of which the Arbitration Court may require during the proceedings.

17.5. Secretary, interpreter or expert are invited to take part in the proceedings only after the party has paid the fee for the services of such persons fixed by the Arbitration Court.

17.6. If for the resolution of the dispute it is necessary to invite an interpreter, conduct expertise or invite an expert, and the party which required such actions has not paid compensation for the services of the interpreter or expert in due date, it may be paid by the other party.

17.7. If a party has paid compensation for secretarial services, interpreter or an expert, but the mentioned services were not rendered, the amount paid shall be returned to the paid party.

17.8. If a claim is left without consideration or a plaintiff withdraws the claim before the appointment of the composition of the Arbitration Court, the Chairman of the Arbitration Court may decide to return the fees paid to the arbitrator.

17.9. The parties may agree on the division of costs between them.

17.10. In making a judgment or decision on the dispute, the Arbitration Court shall also decide on the allocation between the parties of costs of Arbitration Court procedure and the costs associated with the provision of legal assistance in accordance with the Civil Procedure Law.

18. Initiating of an Arbitration Court procedure

18.1. Arbitration Court procedure shall begin with the filing of the statement of claim.

18.2. The statement of claim shall be submitted in writing to the Chairman of the Arbitration Court at the legal location of the Arbitration Court in the number of copies (with attachments) corresponding to the number of defendants to be sent to.

19. Statement of claim

9.1. There shall be set out in the statement of claim:

19.1.1. Information concerning the parties:

19.1.1.1. For legal entities: name and location (legal address) and, if known to the plaintiff, their registration number, and telephone number;

19.1.1.2. For natural persons: given name, surname and place of residence and, if known to the plaintiff, their personal identity code, and telephone number;

19.1.2. The subject-matter, the amount claimed, the calculation of the amount claimed,

19.1.3. The grounds for the claim and evidence in proof thereof,

19.1.4. The claim of the plaintiff,

19.1.5. The substantive law on which the claim is based,

19.1.6. List of accompanying documents,

19.1.7. Chosen arbitrator / arbitrators in case the dispute is considered by three or more arbitrators.

19.2. The statement of claim shall be accompanied by:

19.2.1. Arbitration Court Agreement of the parties, unless such agreement is contained in an agreement in connection with which the dispute has arisen,

19.2.2. The agreement in connection with which the dispute has arisen,

19.2.3. Documents referred to by the plaintiff in the statement of claim,

19.2.4. Evidence confirming the payment of costs of Arbitration Court procedure - payments related to the consideration of the dispute, and the fee of the arbitrators,

19.2.5. Evidence of sending the application to the defendant. Evidence of sending the application to the defendant.

19.3. The statement of claim is signed and submitted by the plaintiff or his representative. If the claim is submitted by the representative on behalf of the plaintiff, the claim has to be attached with a power of attorney or other document confirming the authority of the representative.

20. Actions of the Arbitration Court after receiving the statement of claim

20.1. If the statement of claim and accompanying documents meet the requirements of the Rules of Procedure, the Chairman of the Arbitration Court shall immediately, but no later than within three (3) working days, send a notification to the defendant of the receipt of the statement of claim and a copy of the statement of claim, offering the defendant to submit a statement of defence, stating objections, if any, and provide documents confirming objections and indicate an arbitrator selected for their part if the dispute is considered by three or more arbitrators, or agree with the plaintiff on the arbitrator in the dispute, if the dispute shall be composed of one arbitrator, if the parties agree to another mode of appointment of the arbitrator.

20.2. If the statement of claim and accompanying documents do not meet the requirements of these Regulations, the Chairman of the Arbitration Court shall inform the plaintiff and give time to address the deficiencies. At that time, the claim remains without further consideration.

20.3. If within time established by the Chairman of the Arbitration Court the deficiencies have been corrected, the statement of claim shall be accepted and the judicial process shall begin.

20.4. If within time established by the Chairman of the Arbitration Court the deficiencies have not been corrected, the statement of claim shall be returned to the plaintiff without consideration.

21. Statement of defence

21.1. A defendant shall submit a statement of defence within time period of 15 (fifteen) days from the date of sending the notification. Taking into account the location of the defendant, the complexity of the dispute, the number of defendants, the Chairman of the Arbitration Court has a discretion to set a longer deadline for submitting the statement of defence, though the term shall be no more than objectively necessary and shall not exceed thirty (30) days after sending the notification of the Arbitration Court.

21.2. The statement of defence shall indicate:

21.2.1. Whether he or she admits the claim in full or a part thereof,

21.2.2. His or her objections to the claim and the justification thereof,

21.2.3. Evidence, which certify his or her objections to the claim, and the rules upon which they are based,

21.2.4. A request for acceptance or request thereof of evidence,

21.2.5. Other circumstances, which he or she considers relevant to the case.

21.3. Defendant shall attach to the statement of defence the documents on which his objections are based.

Defendant shall provide simultaneous sending of copies of the statement of defence (with attachments, if any, and if they are not available to the other party) to the plaintiff and co defendants. Proof of sending the statement of defence to the rest of the participants in the case shall be attached to the statement of defence when submitting it to the Arbitration Court.

22. Counterclaim

22.1. The defendant may file a counterclaim, which may be considered by the Arbitration Court simultaneously with the claim, if the subject of the counterclaim is also covered by the arbitration court clause.

22.2. Counterclaim shall be in writing, and shall apply the same Rules of Procedure that apply to the claim.

22.3. Counterclaim may be submitted within the period prescribed for submitting the statement of defence.

22.4. If the defendant missed target date for a valid reason, he or she, in accordance with Article 10.4 of the Rules of Procedure, may request the Arbitration Court to resume the missed deadline.

22.5. If the Arbitration Court recognizes a good reason for delay in submitting a counterclaim, then it shall resume the term and take a counterclaim for consideration.

22.6. If the Arbitration Court does not consider a good reason for delay in submitting a counterclaim, it shall leave it without consideration.

22.7. The Arbitration Court shall take a counterclaim for consideration, if the subject of the counterclaim subject to the arbitration clause, and:

22.7.1. Offset is possible between the initial claim and counterclaim,

22.7.2. Full or partial satisfaction of the counterclaim precludes satisfaction of the initial claim,

22.7.3. There is a relation between the counterclaim and initial claim and their joint consideration will contribute to a more rapid and proper trial.

22.8. The decision to accept the counterclaim is made by the Chairman of the Arbitration Court.

22.9. Once accepted by the Arbitration Court, the counterclaim shall be considered together with the initial claim.

23. Amendment and supplementation of a claim

23.1. Either party has the right to amend and supplement its statement of claim, counterclaim or statement of defence before the beginning of the dispute.

23.2. Amend and supplementation of a claim shall not include:

23.2.1. Clarification of the claim,

23.2.2. Correction of obvious errors in the claim,

23.2.3. Adherence of interest and increments to the claim,

23.2.4. A requirement to reimburse the cost of property in connection with the alienation, loss, or changes in the desired property,

23.2.5. Change of the parts of the overall amount of the claim within the frames of this amount,

23.2.6. Changing requirements for recognition of the right to demand the resumption of rights in connection with the change of circumstances in the course of the case,

23.2.7. Increasing the amount of the claim due to the increase in market prices during the case.

23.3. If under the procedure established in the first part of this article, the amount of claim or counterclaim increases, the party shall make an additional payment of the related costs of Arbitration Court procedure.

23.4. Initiating consideration of the dispute, the Arbitration Court may consider it inappropriate to allow a change or addition to a claim, counterclaim or defence, if the result of this may delay or complicate the process of dispute resolution.

23.5. It shall be unacceptable to change the claim so that it extends beyond the Arbitration Agreement.

24. Arbitrators

24.1. An arbitrator is a person who, in conformity with the provisions of the Arbitration Court Agreement and of the Rules of Procedure, is appointed to resolve a dispute.

24.2. An arbitrator shall not be a representative of the party which has chosen him. Arbitrators shall perform their duties in good faith, without being subject to any influence; they shall be objective and independent.

25. Number of arbitrators

25.1. In the Arbitration Court the case shall be heard by an odd number of arbitrators. If parties have not agreed as to the number of arbitrators, the Arbitration Court shall consist of three arbitrators.

25.2. The Arbitration Court may consist of one arbitrator, if the parties agree thereto. The parties may agree on the other (odd) number of arbitrators.

26. Appointment of arbitrators

26.1. The parties may agree on the procedure for the appointment of arbitrators. If the parties have not agreed on the appointment of arbitrators, the arbitrators shall be appointed in accordance with the Rules of Procedure from the list of arbitrators (Annex 2 to the Rules of Procedure), respecting the equality of the parties.

26.2. Parties may delegate the appointment of arbitrators to any legally capable person or entity.

26.3. If the parties agree that the dispute is considered by one arbitrator, but have not agreed on a particular arbitrator from the list of arbitrators (Annex 2 to the Rules of Procedure), in the notification of receipt of the claim the Chairman of the Arbitration Court shall offer to the plaintiff to agree with the defendant on a particular arbitrator.

26.4. Either party may propose to the other party one or more candidates of the arbitrators. If the parties within the period set by the Arbitration Court have not agreed on the appointment of a particular arbitrator, the arbitrator shall be appointed by the Chairman of the Arbitration Court.

26.5. If the parties have agreed on three arbitrators or the dispute is considered by three arbitrators in accordance with Article 25.1 of the Rules of Procedure, the plaintiff submitting a claim shall indicate his chosen arbitrator from the list of arbitrators (Annex 2 to the Rules of Procedure).

26.6. The Chairman of the Arbitration Court, sending a notification of receipt of the claim referred to in Article 21.1 of the Rules of Procedure s, shall inform the defendant about it and offer him to select an arbitrator from his side.

26.7. If the dispute is considered by more than three arbitrators, before the deadline for submitting the statement of defence each party shall appoint one arbitrator, who, within five (5) days after the deadline for submitting the statement of defence shall appoint one more arbitrator from the list of arbitrators (Annex 2 to the Rules of Procedure), who shall be the Chairman of this composition of the Arbitration Court. If one of the parties within the period established for the submitting of statement of defence has not indicated its selected arbitrator or if the arbitrators selected by the parties within the prescribed period can not reach an agreement on the name of the Chairman of the Arbitration Court, they shall be appointed by the Chairman of the Arbitration Court from the list of arbitrators (Annex 2 to the Rules of Procedure).

26.8. If the dispute is heard by more than three arbitrators, before the deadline for submitting the statement of defence each party shall appoint an equal number of arbitrators, who within five (5) days after the deadline for submitting the statement of defence shall appoint one more arbitrator from the list of arbitrators (Annex 2 to the Rules of Procedure), who shall be the Chairman of this composition of the Arbitration Court. If one of the parties within the period established for submitting statement of defence has not indicated its selected arbitrators or if the arbitrators selected by the parties within the prescribed period can not reach an agreement on the name of the Chairman of the Arbitration Court, they shall be appointed by the Chairman of the Arbitration Court from the list of arbitrators.

26.9. If a claim is submitted by several plaintiffs or against several defendants, they shall agree among themselves on the choice of a single candidate arbitrator from their party.

26.10. The Chairman of the Arbitration Court shall approve the composition of the formed Arbitration Court and notify the parties about it. With approval of the Arbitration Court, the Chairman of the Arbitration Court shall verify whether the formation of the composition of the Arbitration Court complies with the agreement of parties, the rules of the Civil Procedure Law of the Republic of Latvia and the Rules of Procedure of the Arbitration Court. If the Chairman of the Arbitration Court finds that the composition of the Arbitration Court is not established in accordance with the agreement of parties, the rules of the Civil Procedure Law of the Republic of Latvia and the Rules of Procedure of the Arbitration Court, he or she shall not approve the composition of the Arbitration Court, and for the resolution of this dispute the new Arbitration Court shall be established, in the manner prescribed by the Rules of Procedure, eliminating earlier violations.

27. Dismissal of an arbitrator

27.1. If the party has appointed an arbitrator and has notified the other party thereof, the first party may not dismiss such arbitrator without the consent of the other party.

27.2. Chairman of the Arbitration Court at the request of a party may challenge an arbitrator at any stage of the arbitration if the arbitrator for more than 14 days did not fulfil his obligations due to the absence, illness or other reasons.

28. Grounds for removal of an arbitrator

28.1. A person who is requested to consent to being appointed as an arbitrator shall disclose to the parties any facts, which could cause well-founded doubt as to the objectivity and independence of such person. If the arbitrator, up to the end of the arbitration court proceeding, knows such facts he or she shall without delay disclose them to the parties.

28.2. An arbitrator may be removed, if facts exist, which cause well-founded doubt as to his or her objectivity and independence, as well as if his or her qualifications do not conform to those agreed by the parties, and the restrictions of the Section 497 of the [Civil Procedure Law](#) of the Republic of Latvia can be applied.

28.3. A party may remove an arbitrator whom it has appointed or in whose appointment it has participated, only where the grounds for removal have become known to such party after the appointment of the arbitrator.

29. Procedure regarding removal of an arbitrator

29.1. The parties may agree on the procedures regarding removal of an arbitrator. If the parties have not agreed on the procedures regarding removal of the arbitrator, each party may remove an arbitrator within five (5) days from the day when it learned of the appointment of the arbitrator, or when it learned the grounds for removal by submitting to arbitration a written statement, with indication of which arbitrator it removed and grounds for removal.

29.2. If the arbitrator, who stated on the challenge, does not give up his duties, the issue of removal shall be resolved by the Presidium of the Arbitration Court within five (5) days of receiving the request.

29.3. The arbitrator within five (5) days from the day when he learned of his appointment, or the date on which he became aware of the circumstances that give rise to justifiable doubts in his impartiality and independence, shall declare self-rejection.

29.4. The adoption of self-rejection of the arbitrator shall be decided by the Chairman of the Arbitration Court within five (5) days of receiving the request.

29.5. If the removal or self-rejection of the arbitrator is accepted, a new arbitrator shall be appointed in the manner prescribed by the Rules of Procedure.

30. Termination of authorisation of an arbitrator

30.1. Parties have the right to agree to terminate the authorisation of an arbitrator by entering into an agreement in writing and submitting it to the Arbitration Court.

30.2. The authorisation of the arbitrator may also be terminated if the arbitrator for more than one month may not act as an arbitrator (due to the absence, illness or other reasons), the arbitrator refused to settle the dispute or the parties have agreed to terminate the authorisation of the arbitrator.

30.3. Authorisation of an arbitrator is terminated:

30.3.1. If the arbitrator is removed from the case;

30.3.2. If the arbitrator has refused to resolve the dispute;

30.3.3. If the parties agree on the termination of authority of the arbitrator;

30.3.4. Upon the death of the arbitrator.

30.4. If the parties have not agreed on the procedure of termination of the authorisation of the arbitrator, then with the request of the parties or the arbitrator, or on his own initiative, the Chairman of the Arbitration Court may decide to terminate the authorisation of the arbitrator. If the Chairman of the Arbitration Court decides on the termination of the authorisation of the arbitrator, the new arbitrator shall be appointed in the manner prescribed by the Rules of Procedure.

31. Consequences of appointing a new arbitrator

31.1. If an arbitrator is replaced when the dispute is resolved by one arbitrator, or if the Chairman of the Arbitration Court is replaced, the dispute consideration shall begin anew.

31.2. If an arbitrator from the composition of the Arbitration Court is replaced, the issue of the resolution of the dispute anew or continuation of consideration shall be at the discretion of the composition of the Arbitration Court.

V RESOLUTION OF A DISPUTE

32. Appointment of the meeting date of the Arbitration Court

32.1. After the defendant received a statement of defence against the statement of claim, or the established deadline for its submitting has expired, and the composition of the Arbitration Court has been approved, the composition of the Arbitration Court shall appoint the time of meeting of the Arbitration Court. The Arbitration Court shall timely notify the parties of the time of the meeting of the Arbitration Court. The Arbitration Court shall send notifications of the first meeting to the parties not later than fifteen (15) days before the meeting, unless the parties agree on a shorter period.

32.2. If the parties do not agree on the written procedure, the parties or their representatives shall be invited to a meeting of the Arbitration Court to give an explanation.

33. Resolution of a dispute

- 33.1. The Arbitration Court, observing the Arbitration Court Agreement entered into by parties, shall hold sittings to hear the explanations and objections of the parties and to examine evidence (oral procedure) or shall resolve a dispute on the basis of the written evidence and submitted materials only (written procedure).
- 33.2. The Arbitration Court shall also organise oral procedure where the parties have agreed on written procedure, but one of the parties, up until the making of the decision, requests oral procedure. The party wishing the oral procedure shall notify the Arbitration Court in writing before the scheduled time of the meeting of the Arbitration Court.
- 33.3. In accordance with the Rules of Procedure and the agreement of the parties, the Arbitration Court may conduct the judicial process in the form which it considers to be appropriate to resolve the dispute without undue delay, provided that the parties would have equal opportunity to express their views and to file documents.
- 33.4. If necessary, unless the Arbitration Court decides that the dispute can not be resolved on a particular Arbitration Court meeting, it may postpone the resolution of the dispute.
- 33.5. If the Arbitration Court heard the explanations of the parties, delaying the resolution of the dispute it, in its discretion, may appoint a day for the meeting of the Arbitration Court to re-listen to the explanations of the parties or their representatives, or to continue the resolution of the dispute without re-hearing of the parties or their representatives.
- 33.6. The Arbitration Court, if necessary, may decide to suspend the proceedings.

34. Consequences if a party do not participate in the arbitration procedure

- 34.1. If the statement of defence was not submitted by the defendant, the Arbitration Court shall continue the process without considering it as the recognition of the claim, unless the Arbitration Agreement provides otherwise.
- 34.2. If a party or its representative fails to appear at an oral meeting of the Arbitration Court without informing of the reasons for failure to appear, or if the Arbitration Court considers the excuse for non-attendance by the party as unreasonable, including if the party has not attached the proof of the circumstances of non-attendance to the notification of absence, the Arbitration Court shall resolve the dispute based on the available evidence of the Arbitration Court.
- 34.3. If a party fails to submit the written or other evidence within a reasonable time frame, or refuses to provide explanations, the Arbitration Court shall resolve the dispute based on the available evidence of the Arbitration Court.
- 34.4. The Arbitration Court familiarizes the parties with any statements, documents and other information it has received, as well as expert opinions and other evidence.

35. Evidence

- 35.1. Evidentiary means in an arbitration court may consist of clarifications by the parties, written evidence, real evidence or expert opinions.
- 35.2. Evidence shall be submitted by the parties. Each party shall evidence the facts to which they refer as a basis for their claims and objections.
- 35.3. Documentary evidence shall be submitted in the form of an original or of a true copy. If a party submits a true copy of a document, an arbitration court may itself, or pursuant to the request of the other party, require that the original document be submitted. The arbitration court shall return an original document, pursuant to the request of the person who has submitted such document, leaving a certified true copy of it in the materials of the procedure.
- 35.4. The Arbitration Court itself shall determine the admissibility and eligibility of the evidence.
- 35.5. The Arbitration Court may require the parties to submit additional documents or other evidence.
- 35.6. The Arbitration Court may require any party to provide documents with copies to each arbitrator and to the other participants in the trial, as well as within the term established by the Arbitration Court to provide each arbitrator and the other party with a generalized list of documents and other evidence that the party has provided to support its claim or defence.

36. Expert-examination

- 36.1. Unless the Arbitration Court Agreement provides otherwise, the Arbitration Court, at the request of a party, may order an expert-examination and invite one or several experts.
- 36.2. The party wishing to appoint expertise and invite experts, pursuant to the requirement of the Arbitration Court, shall give a written statement of it, substantiating its request and specifying the issues for which it is necessary to assign expert-examination or invite experts, accompanied by proof of payment of the fee for the services of the expert.
- 36.3. If the Arbitration Court recognizes the application of the party as reasonable, the Arbitration Court shall decide on expert-examination and invited experts.
- 36.4. After the expert opinion has been prepared and received by the Arbitration Court, the parties shall have the right to review it.
- 36.5. At the request of either party, the Arbitration Court may invite experts to a meeting of the Arbitration Court to give explanations and answer questions about the expert opinion.

37. Judicial records

37.1. The party which wants the Arbitration Court meeting to be recorded, shall, before the day of the meeting of the Arbitration Court, submit a written application, accompanied by proof of payment of fees for services of the secretary in accordance with the Annex 3 to the Rules of Procedure.

37.2. The secretary of the Arbitration Court records the meeting of the Arbitration Court.

37.3. Minutes of the meeting of the Arbitration Court shall be signed by all the arbitrators and the secretary. Minutes of the meeting of the Arbitration Court shall be signed within five (5) days after the meeting of the Arbitration Court. Parties have the right to examine the minutes and within five (5) days after signing to make written objections or comments. The Arbitration Court shall make a decision on the validity of objections or relevance of comments to what happened at the meeting.

38. Removal of expert, interpreter or secretary

38.1. On the basis of a written statement of a party, an expert, interpreter or secretary may be removed in cases specified in Article 28 of the Rules of Procedure. The removal shall be declared immediately after the party became aware of its grounds. The issue of removal shall be solved by the composition of the Arbitration Court.

39. Procedural side effects of removal of a party

39.1. The fact that a natural person who is a party, has died, or a legal entity has ceased to exist shall not stop itself the Arbitration Agreement, unless the parties agree otherwise and disputed legal relations allow succession.

39.2. In this case, the Arbitration Court shall suspend proceedings until a successor is identified.

39.3. An assignment of a claim or debt transfer may be grounds for termination of proceedings only in cases where the Arbitration Court Agreement is cancelled in accordance with the Law or contract basis.

40. Right to object

40.1. If a party considers that a breach of any rule of court in the Arbitration Court, established by the Civil Procedure Law of the Republic of Latvia, the Rules of Procedure of the Arbitration Court or the Arbitration Court Agreement entered into by parties have occurred, as soon as it knew or should have known of the breach, it has the right to declare a written objection to the Arbitration Court and the other party.

40.2. The Arbitration Court shall decide if the objections are well-founded. If the Arbitration Court accepts that the objections are well-founded, it shall eliminate the breach before the continuation of the litigation.

40.3. If the party does not promptly declares such written objection and continues to participate in the litigation, it shall be considered to have waived the right to raise such objections, including, the issues of execution of judgements of the Arbitration Court.

VI AWARDS OF THE ARBITRATION COURT

41. Making of awards

41.1. All awards (decisions and judgments) in the Arbitration Court, if it consists of more than one arbitrator, shall be made by a majority vote.

41.2. If the award can not be made by a majority vote, it shall be made by the Chairman of the Arbitration Court.

41.3. An award of the Arbitration Court shall come into effect on the day it is made. It is not subject to appeal or protest.

41.4. Awards of the Arbitration Court shall be made in written and signed by the arbitrators. If the Arbitration Court consists of a number of arbitrators, the award shall be signed by all arbitrators, and if any of the arbitrators have not signed the award, the award shall indicate the reason for the lack of a signature.

41.5. Signatures of arbitrators on the award shall be confirmed by the seal of the Arbitration Court.

41.6. The Chairman of the composition of the Arbitration Court may decide procedural matters independently, if the parties or the other arbitrators have given him such a right. Such decisions should not be made in written.

42. Settlement

42.1. The Arbitration Court helps the parties to resolve the dispute by settlement.

42.2. If parties during an arbitration court procedure enter into a settlement, the arbitration court procedure shall be terminated.

42.3. Parties enter into an amicable agreement in writing and set out therein:

42.3.1. For legal entities - name, registration number and location (legal address),

42.3.2. For natural persons – given name, surname, personal identity number and place of residence,

42.3.3. As well as the issues in dispute and obligations of each party, which they undertake to perform voluntarily.

42.4. Pursuant to the request of the parties, an arbitration court, by its decision, shall confirm a settlement provided that the provisions thereof are not contrary to law. Such decision shall have the same legal effect as arbitration court judgments.

43. Arbitration Court Judgements

43.1. There shall be set out in the arbitration court judgment:

43.1.1. The composition of the Arbitration Court,

43.1.2. The time and place of the rendering of the judgements,

43.1.3. Information concerning the parties,

43.1.4. The subject of the dispute,

43.1.5. Reasons for judgement, unless the parties agreed otherwise,

43.1.6. The conclusion regarding complete or partial satisfaction of the claim, or the complete or partial dismissal thereof, and the substance of the Arbitration Court judgement,

43.1.7. The amount to be recovered, if the judgment is rendered regarding recovery of money,

43.1.8. The specific property and the value thereof, which is to be recovered in the event the property does not exist, if the judgment is rendered regarding recovery of property in specie,

43.1.9. By whom, what and within what time period actions are to be fulfilled, if the judgment imposes a duty to fulfil certain actions,

43.1.10. What part of the judgment refers to each plaintiff, if the judgment is made for the benefit of more than one plaintiff or what part of the judgment is to be fulfilled by each of the defendants, if the judgment is made against more than one defendant,

43.1.11. The costs of the arbitration court procedure and the allocation of such costs and the costs of legal assistance among the parties.

43.2. A true copy of the Arbitration Court judgement, which complies the original shall be certified by the Chairman of the Arbitration Court with his signature and the seal of the Arbitration Court, and shall be handed to the party or its representative in person or sent by mail.

43.3. A true copy of the Arbitration Court judgement shall be handed or sent to parties within ten (10) days after it was made.

43.4. In case of written trial, a true copy of the arbitration award shall be sent to parties within three (3) days.

43.5. If the Arbitration Court judgement has sentenced to pay the additional costs of the arbitration procedure, a copy of the judgement shall be handed or sent to the party only after payment of the fees awarded.

43.6. Until the execution of the judgment each party, notifying the other party thereof, may request an arbitration court to:

43.6.1. Correct any calculation, grammatical or printing error allowed to take place in the judgment. The arbitration court may also correct such errors on its own initiative;

43.6.2. Explain the judgment. The explanation of the judgment from the time of its making shall become an integral part of the judgment;

43.6.3. Make a supplementary judgment within 30 days from the day the judgment is sent, if any of the claims submitted until the making of the judgment has not been decided. If the arbitration court deems the request to be well founded, it shall decide such request by rendering a supplementary judgment.

43.7. The arbitration court shall decide whether the participation of the parties, in the deciding of such issue by the arbitration court, is necessary.

43.8. If the decision of the applied to enforcement, then on the basis of a written request of the party, which has the right to apply to the court to issue a writ of execution for the performance of the award of the Arbitration Court under compulsion, the Arbitration Court shall issue an additional or send the original decision of the Arbitration Court to that party.

44. Execution arbitration court award

44.1. An award of an arbitration court is mandatory for the parties and shall be executed voluntarily by them within the time period stipulated in such award. For the voluntary execution of a judgment a time period not shorter than five days shall be determined.

44.2. If an award of the Arbitration Court to be executed in Latvia, and is not being executed voluntarily, it shall be passed on enforcement in accordance with the provisions of Section 66 (Articles 533-537) of the Civil Procedure Law of the Republic of Latvia.

44.3. An award of the Arbitration Court, which shall be executed outside of Latvia, shall be implemented according to the New York Convention of 10 June 1958 on the Recognition and Enforcement of Foreign Arbitral Awards and the European Convention on International Commercial Arbitration.

45. Deposition of the dispute

45.1. The Arbitration Court shall keep the case, if one of the participants in the case is absent at a meeting of the Arbitration Court and was not informed of the place and time of the meeting of the Arbitration Court.

45.2. The Arbitration Court may decide to postpone consideration of the dispute, if the Arbitration Court decides that the dispute can not be resolved at a particular meeting of the Arbitration Court, including if the party or its authorized representative failed to appear at an oral session of the Arbitration Court for the reasons that the Arbitration Court has recognized as valid, and the party or its representative has submitted an application not to resolve the dispute without the presence of the party or its representative, or at the request of the participant of the case, to enable it to provide additional evidence, as well as in other cases.

46. Suspension of the arbitration

46.1. The Arbitration Court shall suspend the arbitration procedure when:

46.1.1. A natural person has died or legal entity ceased to exist, who was one of the parties or a third party with independent claims, and the legal relations allow for succession,

46.1.2. A party or a third person has lost legal capacity,

46.1.3. The dispute can not be resolved until the dispute in another case, which is considered at civil, criminal or administrative proceedings, shall be resolved.

46.1.4. The parties submitted in writing an agreement to suspend the arbitration to the Arbitration Court.

46.2. The Arbitration Court may suspend the procedure by its own initiative or at the request of a participant, if:

46.2.1. The party can not participate in the resolution of the dispute due to illness or other legitimate reasons,

46.2.2. The Arbitration Court has ordered expertise.

46.3. The procedure shall be suspended:

46.3.1. In the cases provided for in paragraph 1 of Part 1 of this Article, - until a successor shall be defined or a legal representative shall be appointed,

46.3.2. In the cases provided for in paragraph 2 of Part 1 of this Article - until a legal representative shall be appointed,

46.3.3. In the cases provided for in paragraph 3 of Part 1 of this Article, - to the deadline set by the court decision,

46.3.4. In the cases provided for in paragraph 4 of Part 1 of this Article, - to the period specified in the agreement of the parties,

46.3.5. In the cases provided for in paragraphs 1 and 2 of Part 1 of this Article - to the moment, when mentioned in this paragraph circumstances no longer exist.

46.4. On suspending the procedure, the Arbitration Court shall adopt a judgement, which shall be in the form of a separate procedural document. The decision shall specify the circumstances, until the occurrence or termination of which the procedure is suspended, or the period for which the procedure is suspended.

46.5. The Arbitration Court shall resume the procedure by a decision adopted on its own initiative or at the request of participants in the case, which the Arbitration Court found to be justified.

47. Abandonment of the claim without consideration

47.1. The Arbitration Court shall abandon the claim without consideration, if:

47.1.1. The statement of claim has been filed by an incapacitated person or person, over whom guardianship is established in accordance with the rules of Article 365 of the Civil Law,

47.1.2. The statement of claim on behalf of the plaintiff has been submitted by a person, who is not authorized to do so under the law,

47.1.3. The dispute between the same parties on the same subject, and on the same grounds shall be under consideration of the same or another court,

47.1.4. In the case provided for in Article 29 of Part 3 of these Rules of Procedure.

47.2. The Arbitration Court shall make a reasoned award on the abandonment of the claim without consideration as a separate procedural document.

47.3. If a claim is abandoned without consideration, the plaintiff shall be entitled to re-submit the statement of claim to the Arbitration Court, following the statutory procedure.

48. Termination of an arbitration court proceeding

48.1. An arbitration court shall take a decision to terminate an arbitration court proceeding if:

48.1.1. The plaintiff withdraws his or her claim and the defendant does not object thereto;

48.1.2. The parties agree to terminate the dispute through settlement;

48.1.3. The Arbitration Court Agreement has, pursuant to procedures prescribed by law or by the agreement, ceased to be in effect;

48.1.4. The Arbitration Court finds that the Arbitration Court does not have jurisdiction over the dispute;

48.1.5. A natural person who is one of the parties dies, or a legal person who is one of the parties ceases to exist, and the legal relations do not allow the taking over of rights or the parties have agreed that in such case the procedure is to be terminated.

48.2. If the plaintiff withdraws the claim before the appointment of the composition of the court, the judgement to terminate the proceedings shall be taken by the Chairman of the Arbitration Court.

49. Storage of procedure documents after completion of the Arbitration Court procedure

49.1. Proceedings documents shall remain in storage in the Arbitration Court within ten (10) years after the completion of the Arbitration Court proceedings. The Arbitration Court shall store the documents in accordance with the archival storage procedures provided for by law.

Board member

NGO „Strīdu alternatīva izšķiršana”

Karlis Štraus