LAW OF GEORGIA

ON ARBITRATION

Chapter I – General Provisions

Article 1 – Scope of the Law

1. This Law establishes the rules of development of arbitral tribunal, conduct of arbitration proceedings and rendering of arbitration awards in Georgia, as well as recognition and enforcement of arbitration awards rendered outside Georgia.

2. An arbitral tribunal is entitled to resolve a dispute arising from private property that is based on the equality of the parties, and that can be resolved by the parties between themselves.

Article 2 – Definition of terms and application of the Law

1. For the purposes of this Law the terms used in this law have the following meanings:

a) court – for the purposes of Articles 11, 13, 14, and 35 of this Law, the district (city) court under the jurisdiction of which an arbitration hearing was, is being or will be held; for the purposes of Articles 16, 21, 22, 23, 42 and 43 of this Law, courts of appeal; for the purposes of Articles 44 and 45 – courts of appeal and the Supreme Court of Georgia;

b) electronic notification – any notification that the parties transmit in the form of data messages. A data message is information generated, sent, received or stored through electronic, magnetic, optical or similar means, including electronic data interchange, electronic mail, telegram, telex or telefax.

2. The parties may agree on the rules of arbitration proceedings. In this case an arbitration agreement between the parties includes the rules of arbitration proceedings to which the parties refer in the arbitration agreement. Also, an agreement between the parties on the jurisdiction of a specific arbitration institution includes an agreement on the rules of that arbitration institution.

2^1. (Deleted – 18.03.2015, №3218).

3. Where a provision of this Law, other than Article 40 (2)(a), refers to an arbitration claim, it also applies to a statement of defence.

Law of Georgia No 4046 of 15 December, 2010, – LHG I, No 76, 27.12.2010, Art. 492.

Law of Georgia No 3218 of 18 March, 2015 – website, 26.03.2015

Article 3 – Equal treatment of the parties to an arbitration proceedings

The parties to arbitration proceedings have equal rights. Each party must be given a full opportunity to present their position.

Article 4- Delegation of the right of decision making to a third party

Parties may delegate the right of making decisions to which they are entitled by this Law, to a third party.

Article 5 – Succession in arbitration proceedings

1. Unless otherwise agreed to by the parties, in the case of a succession in legal relations, the successor becomes a party to the arbitration agreement.

2. Unless otherwise agreed to by the parties, the death or liquidation of one of the parties does not cause the termination of the arbitration agreement or the substitution of an appointed arbitrator.

Article 6 – Independence of arbitration and court intervention

1. Arbitral tribunal is independent in its activities and follows the arbitration proceedings that are determined by the parties or established by the arbitral tribunal itself, in compliance with the requirements of this Law.

2. Any kind of intervention by a court into legal relations that are governed by this Law is impermissible, except where so provided for in this Law.

Article 7– Time limits

1. Unless otherwise agreed to by the parties, a term provided for in this Law, that is to be calculated in days, begins from the day following the day of the occurrence of the event, which is determined as its commencement.

2. If the last day of a term falls on a holiday or a non-business day, the following business day is deemed to be the end of the term.

Chapter II – Arbitration Agreement

Article 8 – Definition and form of an arbitration agreement

1. An arbitration agreement is an agreement in which the parties agree to submit to arbitration all, or certain, disputes that have arisen or which may arise between them based on various contractual or legal relations.

2. An arbitration agreement may be made in the form of an arbitration clause in a contract or in the form of a separate agreement.

3. An arbitration agreement must be made in writing.

4. An arbitration agreement is considered to be in writing if its content is recorded in any way, regardless of the standards of making the arbitration agreement or the contract.

5. An electronic notification, if the information presented in the notification is accessible for future use, complies with the requirement for an arbitration agreement to be in writing.

6. An arbitration agreement is deemed to be in writing if it is made with an exchange of statements of a claim and statements of a defence, in which the existence of an agreement is alleged by one party and not denied by the other.

7. The reference in a contract to any document, containing an arbitration clause, is an arbitration agreement in writing, provided that the reference makes that clause a part of the contract.

8. If one of the parties to a contract or arbitration agreement is a natural person or an administrative body, the arbitration agreement must be made in writing in the form of a document signed by both parties. Paragraphs 4 and 6 of this Article do not apply to such agreements.

9. (Deleted – 18.03.2015, №3218).

Law of Georgia No 4046 of 15 December, 2010, – LHG I, No 76, 27.12.2010, Art. 492.

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Article 9 – Arbitration agreement and substantive claim before court

1. A court before which an action is brought in a matter that is the subject of an arbitration agreement, based on a request of a party that is made before the expiration of the time for submitting a statement of defence, is obliged to terminate the proceedings and refer the parties to arbitration, unless it finds that the agreement is void, invalid or incapable of being performed.

2. (Deleted – 18.03.2015, №3218).

3. From the time an action referred to in paragraph 1 of this Article is brought, an arbitration proceedings may be commenced or continued, and an award may be rendered before the court's final judgement is rendered.

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Chapter 3 – Composition of an Arbitral Tribunal

Article 10 – Number of arbitrators

1. An arbitral tribunal consists of one or several arbitrators.

2. The number of arbitrators and the procedure for their appointment is defined by the parties. The parties appoint an equal number of arbitrators, unless otherwise agreed to by the parties.

3. If arbitration agreement provides for an even number of arbitrators, the already appointed arbitrators, within 10 days after their appointment, are obliged to appoint one more arbitrator, unless otherwise agreed by the parties.

4. If the number of arbitrators is not determined by the arbitration agreement, the arbitral tribunal must be composed of three arbitrators.

Article 11 – Appointment of arbitrators

1. No person can be appointed as an arbitrator without his/her consent. Consent to become an arbitrator must be given in writing.

2. The procedure for appointing an arbitrator (arbitrators) and the presiding arbitrator is determined by an agreement of the parties.

3. In the case of absence of an agreement between the parties for appointing an arbitrator (arbitrators) and presiding arbitrator, or in the case when the agreed procedure is impossible to perform:

a) When the arbitral tribunal consists of three arbitrators, each party shall appoint one arbitrator, and the two arbitrators appointed in accordance with this rule, shall appoint the presiding arbitrator; if a party does not appoint an arbitrator within thirty days after receipt of a request to do so from the other party, or if the two arbitrators within thirty days after their appointment, cannot agree on the appointment of the third arbitrator, based on the request of a party, within thirty days after submitting an application, an arbitrator shall be appointed by a court.

b) In an arbitration that is to be conducted by a sole arbitrator, if the parties cannot agree on the appointment of the arbitrator, based on the request of a party, within thirty days after submitting an application, the arbitrator shall be appointed by a court.

4. The court judgement, provided for by paragraph 3 of this Article shall be final and without appeal.

5. A person who is to be appointed as an arbitrator, before becoming an arbitrator in the case, when requested by the parties to the arbitration and the arbitral tribunal, is obliged to provide written information on his/her educational background and working experience as an arbitrator (if any).

6. The court or any other authority, in appointing an arbitrator, must take into consideration the qualification requirements agreed to by the parties in order to ensure the appointment of an independent and impartial arbitrator.

7. A person shall not be denied appointment as an arbitrator, unless he/she:

a) has limited legal capacity or is a beneficiary of support, unless otherwise established by court judgement;

b) is a state employee, a state political official, a political official or a public servant;

c) has been convicted of committing a crime and the conviction has not been vacated or dismissed.

Law of Georgia No 3218 of 18 March 2015 – website, 26.03.2015

Law of Georgia No 3360 of 20 March 2015 – website, 31.03.2015

Law of Georgia No 4351 of 27 October 2015 – website, 11.11.2015

Law of Georgia No 128 of 21 December 2016 – website, 28.12.2016

Article 12 – Grounds for challenging an arbitrator

1. If an arbitrator does not qualify under the qualifications agreed to by the parties, or/and if there are circumstances that may cause reasonable doubt about his/her impartiality or independence, a party to the arbitration has the right to challenge the arbitrator.

2. A party may challenge an arbitrator appointed by him/her only for reasons that become known for him/her after the appointment of the arbitrator.

3. A person to be appointed as an arbitrator, or an appointed arbitrator, from the time of his/her appointment throughout the arbitration proceedings, is obliged to immediately notify the parties and the arbitral tribunal, about any circumstances that make his/her impartiality and independence doubtful.

Article 13 – Procedure for challenging an arbitrator

1. In accordance with the requirements of this article, the parties may agree on a procedure for challenging an arbitrator.

2. In the case of absence of an agreement between the parties, within fifteen days after the day that the appointment of the arbitrator or one of the grounds for challenge provided for by this law became known to him/her, a party who intends to challenge an arbitrator is obliged to submit a written statement of challenge of the arbitrator to the arbitral tribunal. A written statement of challenge of an arbitrator must indicate the grounds and motives for challenging the arbitrator. If the challenged arbitrator, whose challenge is pending, within thirty days after submission of a written statement of challenge, does not announce his/her withdrawal from the position, or if the other party does not agree to the challenge, within 30 days after expiration of the initial 30-day term, the arbitral tribunal shall decide the issue of challenge to the arbitrator.

2^1. If the arbitral tribunal denies the challenge to the arbitrator, within thirty days after the notice of the decision rejecting the challenge was served on him/her, the challenging party may file a claim challenging the arbitrator in a court.

3. In an arbitration with a sole arbitrator, within thirty days after the appointment of the arbitrator, or after one of the circumstances provided for by this law that is a ground for the challenge to an arbitrator becomes known to him/her, the party is entitled to file a claim challenging the arbitrator in a court.

4. On matters that are provided for by paragraphs 21 and 3 of this article, the court shall render a judgement within fourteen days after the application is submitted. This judgement shall be final and without appeal. In such a case, the arbitrator also may withdraw from the position before the court judgement is made. Before the court makes its judgement about the challenge to an arbitrator, the arbitral tribunal may continue the arbitration proceedings and render an arbitration award with the challenged arbitrator participating in the proceedings.

5. If the grounds for the challenge exist, the arbitrator is obliged to announce his/her withdrawal from the position.

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Article 14 – Termination of authority of an arbitrator

1. A party is not entitled to unilaterally replace the arbitrator appointed by him/her.

2. If the arbitrator becomes unable to perform his/her obligations or becomes inactive because of any other reasons, his/her authority terminates based on his/her request to withdraw from the position or based on the parties' agreement on termination of authority. In the cases, where the parties cannot reach an agreement, within 30 days after submission of a request to terminate the authority of an arbitrator, one party may file a claim in court seeking termination of the authority of the arbitrator. On these matters, a court shall render its judgement within fourteen days after the submission of an application. This judgement shall be final and without appeal.

3. If, an arbitrator withdraws from the position or if a party agrees to the termination of the authority of an arbitrator, this does not imply the existence of any ground provided for by paragraph 2 of this article, or the existence and acceptance of the grounds for challenge provided for by this law.

Article 15 – Appointment of a substitute arbitrator

In the case when authority of an arbitrator terminates, a substitute arbitrator shall be appointed in compliance with the rules applicable to the appointment of the previous arbitrator.

Chapter IV – Authority of an Arbitral Tribunal

Article 16 – Competence of an arbitral tribunal

1. An arbitral tribunal shall have power to make a determination regarding its own competence, including the determination of the existence or authenticity of the arbitration agreement. For that purpose, an arbitration clause that is a part of a contract shall be treated as an independent agreement that is unrelated to other terms of the contract. Annulment of the contract does not result in the invalidity of the arbitration clause.

2. An allegation challenging the competence of the arbitral panel may be made before submission of a statement of defence. A party is not precluded from making such an allegation because that party has appointed or participated in the appointment of an arbitrator.

3. An allegation of exceeding the scope of authority by the arbitral tribunal must be made by a party within seven days after such circumstances become known to the party.

4. An allegation challenging the competence of the arbitral tribunal may be made after expiration of the term, determined by paragraphs 2 and 3 of this article if the arbitral tribunal considers the delay to be justifiable.

5. The arbitral tribunal may render a decision about an allegation provided for by paragraphs 2 and 3 of this article either before o simultaneously with the final arbitration award. If the arbitral tribunal, before the rendering final arbitration reward, decides that arbitral tribunal has competence, within thirty days after receiving the notice of such decision, any party may appeal this decision to a court. A court shall render a well-grounded judgement on the competence of the arbitral tribunal within 14 days after the receipt of the application. This judgement shall be final and without appeal. Before the judgement is made by the court about the case, the arbitral tribunal may start or continue the arbitral proceedings and make an award.

6. Where parties have agreed, an arbitral tribunal may render a decision about its competence according to the parties' agreement, either before or simultaneously with the final arbitration award.

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Article 17 – Use of interim measures

1. Unless otherwise provided for by the arbitration agreement, any party, before commencement of arbitration proceedings or at any time during such proceedings but before an arbitration award is made, may request the arbitral tribunal to grant interim measures.

2. Based on an allegation made by a party within a reasonable time, the arbitral tribunal is authorised, by a written award, to order a party to:

a) maintain or restore the status quo before rendering the final award;

b) take measures that would prevent causing damage to the other party or to the arbitral proceeding;

c) provide a means of preserving assets out of which a subsequent award may be satisfied;

d) preserve and maintain evidence that may be relevant to the dispute and its resolution.

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Article 18 – Conditions for granting interim measures

1. The party requesting an interim measure provided for by article 17(2)(a-c) must prove the existence of the following circumstances:

a) If the interim measure is not ordered, irreparable harm not adequately compensated by an award of damages is likely to result.

b) Harm caused by not ordering an interim measure substantially outweighs the harm that is likely to result to the party against whom the interim measure is directed if the measure is granted.

c) There are reasonable grounds to believe that the requesting party will prevail. The determination of this belief shall not affect the discretion of the arbitral tribunal in making any subsequent award.

2. With regard to a request for an interim measure provided for by article 17(2)(d), the requirements provided for by paragraph 1

(a-c), of this article shall apply only to the extent that the arbitral tribunal considers reasonable .

3. The arbitral tribunal is entitled to require the party requesting an interim measure to provide appropriate security with relation to the interim measures.

4. If the arbitral tribunal decides that, under the given circumstances, respective interim measures should not have been granted, the party requesting an interim measure shall be liable for any costs and damages caused by such interim measures. The arbitral tribunal may award to the arbitration party against whom the interim measures were taken, such costs and damages at any stage of the arbitration proceedings.

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Article 19 – Modification, suspension an termination of interim measures

The arbitral tribunal, if it considers necessary, is entitled to modify, suspend or terminate an already granted interim measure, upon the request of any party, or in exceptional circumstances, upon prior notice sent to the parties, based on arbitral tribunal's own initiative.

Article 20 – Duty of disclosure

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

Article 21 – Recognition and enforcement of interim measures

1. An interim measure issued by an arbitral tribunal is binding and must be enforced by filing an application to a court, regardless of the country in which the arbitration award on interim measure was rendered, as provided for by article 22 of this law. If the enforcement of the interim measures does not require the filing of an application to a court in accordance with Georgian legislation, the arbitral tribunal is authorized to set different rules for their enforcement.

2. The party who files a motion to a court for recognition and enforcement of an interim measure, or whose motion has been granted, is obliged to promptly inform the court of any termination, suspension or modification of that interim measure granted by the arbitral tribunal.

3. The court may order the party moving for the recognition and enforcement of interim measures to provide appropriate security as provided for by article 18 (3) of this Law.

4. An arbitration award provided for by article 17 (2), of this Law shall be submitted to the court for the recognition and enforcement in accordance with the rules established by article 44 (2) of this Law.

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Article 22 – Grounds for refusing recognition or enforcement

1. A motion for recognition or enforcement of an interim measure may be refused and not granted only, if:

a) a party against whom the motion is brought applies to a court and proves that:

a.a) refusal of recognition and enforcement of interim measures is grounded on circumstances set forth in article 45 (1);

a.b) the arbitral tribunal's decision to provide appropriate security with regard to the interim measures has not been enforced;

a.c) the interim measures have been terminated or suspended by the arbitral tribunal or, by a court of a state in which the arbitration takes place or under the law of which the interim measures were granted;

b) the court finds that:

b.a) the enforcement of interim measure exceeds the power of the court, unless the court decides to reformulate the interim measure without modification of its substance to the extent necessary for the enforcement of the interim measure in accordance with the rules established by the legislation.

b.b) The grounds provided for by article 45 (b)(b.a) and (b)(b.b), are applicable to the recognition and enforcement of an interim

measure.

2. A decision rendered by a court, on any grounds provided for by paragraph 1 of this article, is effective only for the purposes of the motion to recognise and enforce an interim measure.

3. The court in which recognition and enforcement is sought, in the process of making its decision, does not undertake a review of the substance of the interim measure.

Article 23 – Court-ordered interim measures

1. An arbitration party may apply to a court requesting granting interim measures.

2. A court has the same power of issuing an interim measure with relation to arbitration proceedings, regardless of the place of arbitration, as it has power regarding proceedings in the courts.

3. The court shall exercise such powers in accordance with the procedures provided for by the Civil Procedure Code of Georgia, Chapter XXIII, except article 198 (2)(f) and (i), considering the requirements for arbitration proceedings.

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Chapter V – Conduct of Arbitral Proceedings

Article 24 – Determination of rules of procedure

1. The rule of arbitration proceedings is determined by the parties in compliance with the requirements of this Law.

2. In the case of absence of an agreement between the parties, the arbitral tribunal may resolve a dispute in accordance with the rules determined by the arbitral tribunal, in compliance with the requirements of this Law.

Article 25 – Place of arbitration

1. The place of arbitration is determined by the agreement of the parties. In the case of absence of an agreement between the parties, the place of arbitration shall be determined by the arbitral tribunal having regard to the circumstances of the case, including the convenience of the place for the parties.

2. Unless otherwise agreed to by the parties, the arbitral tribunal may convene meeting at any place for consultation among its members, for hearing witnesses, experts or the parties, or for inspection of evidences.

Article 26 – Commencement of arbitration proceedings

Unless otherwise agreed to by the parties, the arbitration proceedings shall commence on the date on which a request for that dispute to be referred to arbitration is received by the respondent.

Article 27 – Notification

Unless otherwise determined by this law or by the agreement of the parties, written notices shall be served upon the parties in accordance with the provisions for court notices and summons provided for by the Civil Procedure Code of Georgia.

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Article 28 – Representation in arbitration proceedings

A party has the right to be represented by a lawyer or other representative at any stage of the arbitration proceeding.

Article 29 – Language of arbitral proceedings

1. The parties may determine the language (languages) to be used in arbitration proceedings. In the case of absence of an agreement between the parties, the arbitral tribunal shall determine the language (languages) to be used in the proceedings with due respect to all relevant circumstances, including the language of the contract. Unless otherwise provided for by an agreement between parties, the agreement of the parties or decision of the arbitral tribunal is also applicable to any written statement made by the parties, any hearing, final arbitration award, resolution, and any other document used in the arbitration proceeding.

2. The arbitral tribunal may order that any documentary evidence shall be accompanied by a translation into the language (languages) of arbitration proceeding.

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Article 30 – Statements of claim and statements of defence

1. Within the period of time agreed to by the parties, or determined by the arbitral tribunal, the claimant must submit a written statement of a claim indicating the names (denominations) and addresses (domiciles) of the parties, the claim, the circumstances and evidences supporting this claim, and the list of documentation attached to the claim .

2. A respondent shall submit a statement of defence with respect to the facts and circumstances indicated in the statement of claim.

3. The provisions of paragraphs 1 and 2 of this article are applicable, unless otherwise agreed to by the parties with regard to the statement of claim and statement of defence, or in the case of absence of such an agreement.

4. If the claimant fails to comply with the requirements of the statement of claim provided for by this Article, the arbitration proceedings will not be commenced.

5. If the respondent fails to file the statement of defence to the arbitration claim in accordance with paragraph 2 of this article, the arbitral tribunal shall continue the proceedings. Failure of the respondent may not be deemed as an admission of claim.

6. With the statement of claim or statement of defence, the parties may present any document that is relevant to the case, or they may indicate those documents or other evidences that they will submit afterwards.

7. Unless otherwise agreed to by the parties, the statement of claim must be sent to the other party and to the presiding arbitrator, but if a presiding arbitrator has not yet been appointed, to all arbitrators.

8. Unless otherwise agreed to by the parties, during the arbitration proceeding either party may amend their statements of claim or statements of defence, unless the arbitral tribunal considers it to be a delay of the hearing of the case.

Article 31 – Waiver of right to object

If any requirement of this Law from which the parties may derogate, or any requirement under the arbitration agreement has not been complied with, and a party proceeds with the arbitration without immediately stating his/her objection to such violation and/or within the period of time provided for by this law, by the arbitration agreement or by the arbitral tribunal, that party will be deemed to have waived his/her right to object.

Article 32 – The form of arbitration proceedings

1. If the parties have not determined the form of arbitration proceedings, the arbitral tribunal is authorised to hold oral hearing on the evidence presented in the case and to conduct the proceeding on the basis of documents and other evidence. Unless the parties have agreed that no oral hearings shall be held, the arbitral tribunal is obliged to hold an oral hearing at any stage of the proceeding, if so requested by any party.

2. The parties must be given notice in a reasonable term, of any hearing and of any meeting of the arbitral tribunal.

3. All statements, documents or other information presented to the arbitral tribunal by any party must be immediately sent to the other party. Any expert report or evidentiary documents on which the arbitral tribunal may rely in making its decision must be sent to the parties.

4. Unless otherwise provided for by law or agreement of the parties, all arbitration proceedings must be closed. Documents, evidence, written or oral statements of the proceedings shall not be published, or transferred to and used in another judicial or administrative proceedings.

5. Subject to the paragraph 4 of this article, arbitrators and any person participating in the arbitration proceedings must keep confidential information disclosed to them during the arbitration proceedings.

Article 33 – Default of a party

Unless otherwise agreed to by the parties, if without reasonable cause, any party fails to appear at a hearing or to present his/her position or documentary evidence, the arbitral tribunal may continue the proceedings and render an award based on the evidence before it.

Article 34 – Appointment and challenge of an expert

1. Unless otherwise agreed to by the parties, the arbitral tribunal has the right to:

a) appoint one or more experts for the purpose of making reports on specific issues determined by the arbitral tribunal;

b) require the parties to give an expert information that is available to them and is relevant to the case, to produce or to provide access to any relevant documents or other property for his/her inspection.

2. Unless otherwise agreed to by the parties, after the expert presents his/her oral or written report, if a party so requests or if the arbitral tribunal considers it necessary, the arbitral tribunal may call the expert to participate in an oral hearing to testify on the issues in controversy. The parties have the right to ask questions to the expert and to call other expert witnesses in order to testify on the issues in controversy.

3. Experts may be challenged and may withdraw on the grounds, and in accordance with, the rules provided for by this Law on challenging arbitrators.

Article 35 – Evidence, court assistance in obtaining evidence

1. An arbitral tribunal is authorised to determine the admissibility of any evidence and the assessment of evidence.

2. Unless otherwise agreed to by the parties, the arbitral tribunal is authorised to:

a) at any stage of arbitration proceeding, require a party to provide the other party with any documentation or evidence related to the dispute;

b) summon, and if necessary, require the examination of the witness of any party before commencement of the hearing, and use the testimony in the arbitration proceedings.

a) at any stage of arbitration proceedings, require a party to submit any documentation or evidence related to the dispute.

3. At any stage of the arbitration proceeding, the arbitral tribunal or a party, with the consent of the arbitral tribunal, may request from a court assistance in taking evidence. This evidence shall be presented to the party (parties) or arbitral tribunal at any stage of arbitration proceedings. The arbitral tribunal is authorised to ask the court to ensure attendance of witness. The rights and duties of the witnesses summoned by the court shall be determined in accordance with the Civil Procedure Code of Georgia.

Chapter VI – Rendering of the Arbitration Award and Termination of Proceedings

Article 36 – Application of the rules of law during the arbitration proceeding

1. The arbitral tribunal shall resolve a dispute in accordance with the rules of law that are chosen by the parties and are applicable to the substance of the dispute.

2. In the absence of the agreement of the parties, the rules of law that are determined by the arbitral tribunal shall be used during the arbitration proceeding.

3. Any reference to the law or legal system of a given state shall be construed as a reference to the substantive law of that state and not to its procedural or conflict of law rules.

4. When rendering an arbitration award, the arbitral tribunal shall take into account the terms of the contract and such practices and traditions of the trade that are applicable to this type of contracts.

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Article 37 – Decision-making by the panel of arbitrators

1. Unless otherwise agreed to by the parties, in arbitration proceedings with more than one arbitrator, any decision of the arbitral tribunal shall be rendered, by a majority of votes of the arbitrators.

2. An arbitrator does not have the right to abstain from voting.

3. Matters of procedure related to rendering an award may be resolved by a presiding arbitrator, if he/she is authorised by the parties or all members of the arbitral tribunal.

Article 38 – Settlement

1. If, during arbitration proceedings, the parties settle their dispute, the arbitral tribunal shall terminate the proceeding. If requested by the parties, the arbitral tribunal, by rendering an arbitral award, is authorised to approve the settlement of the parties in accordance with their agreed terms.

2. The arbitral tribunal is obliged to render an award at the termination of the arbitration proceedings, within thirty days after the receipt of an application for settlement.

3. An arbitration award on a settlement shall be made in accordance with the requirements provided for by Article 39 of this Law. Such an arbitration award has the same legal effect, as any other arbitration award rendered as a result of a substantial determination of the dispute.

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Article 39 – Arbitration Award

1. Unless otherwise agreed by the parties, the arbitration award shall be rendered within 180 days after the commencement of the arbitration proceedings. If necessary, the arbitral tribunal may extend this period for no longer than 180 days.

2. An arbitration award is binding on the parties to the arbitration agreement. It must be in writing. It must be signed by an arbitrator(s). In arbitral proceedings with more than one arbitrator, an arbitration award must be signed by the majority of the arbitrators. If an arbitrator refuses to sign the arbitration award and/or holds a dissenting opinion, a respective record shall be made. The arbitration award must specify the decision-making arbitrators, the parties, the date and the place of rendering the arbitration award.

3. The arbitration award must contain the tribunal's reasoning, stating the reasons based on which the arbitration award was rendered by the arbitral tribunal, unless the parties have agreed on not to have the basis of the decision stated or the arbitration award is rendered in accordance with article 38 of this Law.

4. After the award is made, a copy signed by the arbitrators shall be delivered to each party.

5. An award shall enter into force on the date when it is rendered, unless otherwise agreed by the parties or provided for by law.

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Article 40 – Termination of arbitration proceedings

1. Arbitration proceedings are terminated upon signing the arbitration award and its delivery to the parties, or by an order of the arbitral tribunal in accordance with paragraph 2 of this article.

2. The arbitral tribunal is authorised to issue an order for the termination of the arbitration proceedings if :

a) the claimant withdraws his/her claim, unless the respondent objects thereto and the arbitral tribunal decides that the respondent has a legitimate interest in obtaining a final settlement of the dispute;

b) the parties agree to the termination of the proceedings;

c) the arbitral tribunal finds that the continuation of the proceedings has for any other reason become unnecessary or impossible.

Article 41 – Correction and interpretation of an arbitration award; additional arbitration award

1. Unless otherwise agreed to by the parties, within thirty days after entry of the arbitration award, any party may, with notice to the other party:

a) request the arbitration tribunal to correct in the award any errors in computation, any clerical or typographical errors or any errors of a similar nature;

b) if agreed to by the parties, request the arbitral tribunal to give an interpretation of a specific point or part of the arbitration award.

2. If the arbitral tribunal considers the request to be justified, it shall make the correction or give the interpretation within thirty days after receipt of the request. Such interpretation shall become part of the arbitration award.

3. The arbitral tribunal is authorised, on its own initiative, within thirty days after the date of rendering the arbitration award, to correct any error of the type referred to in paragraph (1)(a) of this article.

4. Unless otherwise agreed to by the parties, any party may, with notice to the other party, within thirty days after the entry of the arbitration award, request the arbitral tribunal to render an additional award as to the claims presented in the arbitration proceedings but not reflected in the arbitration award. If the arbitral tribunal considers the request to be well grounded, it must render the additional award within sixty days after the receipt of the request.

5. The arbitral tribunal, if necessary, may extend the term within which it shall make a correction, interpretation or an additional award under this article, for no longer than 30 days. Unless otherwise determined by the parties or the arbitral tribunal, an award remains in legal force while a correction or interpretation of the award is in process or an additional award is rendered.

Chapter VII – Setting Aside an Arbitration Award

Law of Georgia No 3218 of 18 March, 2015 – website, 26.03.2015

Article 42 – Setting aside an arbitration award

1. Recourse to a court against an arbitration award may be made only by an application to set aside the award in accordance with paragraphs 2-5 of this article.

2. An arbitration award made in Georgia may be set aside by a court only if:

a) the party against whom the award is rendered files a complaint with the court and furnishes proof that:

a.a) a party, when executing the arbitration agreement was legally incapable or was a beneficiary of support and a legal guardian was appointed for the party with relation to the issues under the arbitration agreement but the support has not been obtained, or that said agreement is not valid or is null and void according to the law chosen by the parties have subjected it, and in the case of absence of such an indication, in accordance with the legislation of Georgia.

a.b) a party, requesting an arbitration award to be set aside was not given proper notice of the appointment of an arbitrator or of the arbitration proceedings, or was otherwise unable to present his/her case or protect his/her interests;

a.c) the arbitration award is rendered on a dispute, that was not submitted to the arbitral tribunal by the parties, or the arbitration award contains decisions on matters beyond the scope of the request submitted to the arbitral tribunal, provided that, if the decisions on matters submitted to arbitration can be separated from those not so submitted, only that part of the award which contains decisions on matters not submitted to arbitration may be set aside;

a.d) the composition of the arbitral tribunal or the arbitral procedure did not comply with the agreement of the parties, or in the cases of absence of such an agreement, did not comply with this Law;

b) the court finds that:

b.a) the subject-matter of the dispute may not be settled by arbitration according to the legislation of Georgia;

b.b) the award is in conflict with the public order of Georgia.

3. A party may submit a complaint to set aside an arbitral award with a court within 90 days after the date on which the award was served on the party. If a request has been made under article 41 of this Law, the period for making the application to set aside shall begin from the date on which the respective award reacting to the request was served on the parties.

4. In the case of submitting complaint to a court to set aside an arbitration award, enforcement of the arbitration award shall not be suspended, except where so provided for by article 45 (3) of this Law.

5. If the court renders a judgement to recognise and enforce the arbitration award, no award shall be set aside on the grounds that a party requested to refuse recognition and enforcement of the award that the court denied while hearing the case on its merits. In this case, the complaint to set aside the arbitration reward may not be acceptable; if complaint has been accepted, the proceedings shall be terminated.

Law of Georgia No 5265of 11 November, 2011 – website, 24.11.2011

Law of Georgia No 3218 of 18 March, 2015 – website, 26.03.2015

Law of Georgia No 3360 of 20 March, 2015 – website, 31.03.2015

Article 43 – Suspension of the proceeding for setting aside an award by the court

The court, when asked to set aside an award, is authorised, where requested by a motion of a party, to suspend setting aside proceedings for a period of time no longer than thirty days in order to give the arbitral tribunal an opportunity to resume the arbitral proceedings, or to take such other action as in the arbitral tribunal's opinion will eliminate the grounds for setting aside the award. The court shall notify the arbitral tribunal about a suspension based on these grounds, within three days after the suspension of the proceedings to set aside the award.

Law of Georgia No 3218 of 18 March, 2015 – website, 26.03.2015

Chapter VIII – Recognition and Enforcement of an Arbitration Award

Article 44 – Recognition and enforcement of an arbitration award

1. An arbitration award, irrespective of the country in which it is rendered, shall be binding and, upon bringing a written motion in court, shall be enforced in accordance with the provisions of this article and of article 45. Awards rendered in the territory of Georgia are subject to the provisions of this article and of article 45 and the competent courts shall be courts of appeal. In the case of awards rendered outside Georgia, the competent court shall be the Supreme Court of Georgia.

2. The party bringing a motion for enforcement shall supply the original award (if the award is not rendered in Georgia), or a duly certified copy thereof, as well the original arbitration agreement referred to in the article 8 of this Law or a duly certified copy thereof (if any). If the award or arbitration agreement is not made in Georgian, the party shall supply a duly certified translation thereof into Georgian.

3. (Deleted – 18.03.2015, №3218).

4. An arbitration award shall be enforced based on the court ruling in accordance with the Law of Georgia On Enforcement Proceedings.

Law of Georgia No 3218 of 18 March, 2015 – website, 26.03.2015

Article 45 – Grounds for refusing the recognition or enforcement of an award

1. Recognition or enforcement of an arbitration award, irrespective of the country in which it is rendered, may be refused only:

a) the party against whom the award is rendered applies to the court and furnishes proof that:

a.a) a party, when executing the arbitration agreement, was legally incapable or was a beneficiary of support and a guardian was appointed for this party with relation to the issues under the arbitration agreement, but the support has not been obtained, or the said agreement is not valid or is null and void under the law to which the parties have subjected it or, failing any indication thereon, under the law of the state where the award was rendered;

a.b) the party was not given proper notice of the appointment of an arbitrator or of the arbitral proceedings or was otherwise

unable to present his/her case;

a.c) the arbitration award is rendered on a dispute that was not submitted to the arbitral tribunal by the parties, or the arbitration award contains decisions on matters beyond the scope of the request submitted to the arbitral tribunal. Provided that, if the decisions on matters submitted to arbitration can be separated from those not so submitted, only that part of the award which contains decisions on matters submitted to arbitration may be recognised and enforced;

a.d) the composition of the arbitral tribunal or the arbitral procedure did not comply with the agreement of the parties, or in the cases of absence of such an agreement, did not comply with the Law of the country where the arbitration took place;

a.e) the arbitration award has not yet become binding on the parties or has been set aside or suspended by a court of the country in which, or under the law of which, the award was made;

b) the court finds that:

b.a) the subject-matter of the dispute may not be settled by arbitration under the legislation of Georgia;

b.b) the award is in conflict with the public order.

2. No party shall make a complaint to the court for the refusal of recognition and enforcement of arbitral award rendered in the territory of Georgia on the same grounds that the party requested setting aside of the award, unless the party did not appeal the arbitration award to the court within the period defined by article 42 (3) of this Law.

3. If an application to set aside or suspend an award has been made to the court defined in paragraph 1 (a)(a.e) of this Article, the court where the recognition or enforcement is sought may, if it considers it proper, adjourn its decision for no longer than 30 days, and may also, on the request of the party claiming recognition or enforcement of the award, order the other party to provide appropriate security.

Law of Georgia No 3218 of 18 March, 2015 – website, 26.03.2015

Law of Georgia No 3360 of 20 March, 2015 – website, 31.03.2015

Chapter IX – Transitional Provisions

Article 46 – Settlement of disputes commenced before the enactment of this law that are not yet resolved

1. Disputes commenced before the enactment of this Law that are not resolved shall be settled according to the Law of Georgia on Private Arbitration of April 17, 1997, unless the parties have agreed to resolve a dispute in accordance with the Law of Georgia on Arbitration.

2. The recognition and enforcement of arbitration awards rendered in disputes referred to in paragraph 1 of this article shall be made in accordance with this Law.

Article 46^1 – Provision in relation to persons declared legally incapable by court before April 1 2015 during the transitional period

1. The court may set aside an award rendered in the territory of Georgia if the party against whom the award is rendered applies to the court and furnishes proof that while executing the arbitration agreement the party was declared legally incapable by a court before April 1, 2015, until an individual assessment of the person is carried out.

2. Irrespective of where the arbitral award was rendered, a court may set aside an award rendered in the territory of Georgia if the party against whom the award is rendered submits an application to the court and proves that while executing the arbitration agreement, the party was declared legally incompetent by the court before April 1, 2015, until an individual evaluation is completed.

Law of Georgia No 3360 of 20 March, 2015 – website, 31.03.2015

Chapter X – Final Provisions

Article 47 – Invalidity of a normative act

Upon enactment of this Law, the Law of Georgia on Private Arbitration of 17 April 1997 shall be declared invalid.

Article 48 – Entering into force of this Law

This law shall enter into force as from January 1, 2010.

President of Georgia **M. Saakashvili**

Tbilisi

June 19, 2009

No 1280-Iს