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of the founder – society
“Finanses un šķīrējtiesa”, registration number 40003502116***

**Rules of the Court of Arbitration of the Association of Commercial Banks of Latvia**

**Section 1. General Provisions**

(1) Court of Arbitration of the Association of Commercial Banks of Latvia (hereinafter – Court of Arbitration) is a permanent Court of Arbitration. The status of the Court of Arbitration and other organizational matters are stipulated in the Articles of Association (Attachment No. 1).

(2) Dispute resolution shall be only referred to the Court of Arbitration when the parties have agreed so as provided by the law.

(3) The Court of Arbitration resolves all civil disputes subject to review by the Court of Arbitration.

(4) The Court of Arbitration does not resolve disputes that pursuant to the law may only be resolved by the court.

(5) All matters that are not stipulated in the present Rules (hereinafter – the Rules) and regulated in the law shall be resolved by the Court of Arbitration in accordance with the present Rules.

(6) When resolving a dispute the Court of Arbitration will at first consider whether the parties have agreed upon the laws or business practice on basis of which they discuss their mutual relations. Such an agreement shall be valid as far as it does not contradict with provisions of Sections 19, 24 and 25 of the Civil Law. If the parties have not made such an agreement or the Court of Arbitration has declared it invalid, the law regulating the legal relations of the parties shall be determined in accordance with provisions of the Introduction of the Civil Law.

(7) After the arbitral tribunal is formed, the approved arbitral tribunal shall be deemed the arbiter in the specific dispute, acting continuously and independently, insofar as it is not restricted by the Arbitration Law, Rules and parties’ agreement. Before the arbitral tribunal is formed, decisions are made on behalf of the Court of Arbitration by the Chairperson of the Court of Arbitration.

**Section 2. Commencement of Arbitral proceedings**

(1) The Arbitral proceedings commences on the day when the Court of Arbitration receives a Request for Arbitration in accordance with provisions of the law and the present Rules.

(2) After the commencement of the Arbitral proceedings, the Court of Arbitration shall immediately send to the respondent a notification (a decision) about commencement of the Arbitral proceedings and a copy of the Request for Arbitration, explaining the respondent’s rights to submit a written Response to the Request. The Court of Arbitration shall not send to the respondent the documents attached to the Request for Arbitration; these documents can be reviewed at the premises of the Court of Arbitration.

**Section 3. Arbitral Tribunal**

(1) The number of arbiters shall be one or three. If the parties have not in advance agreed upon the number of arbiters, three arbiters will be appointed. The parties taking into account the provisions of the law may agree upon a larger (odd) number of arbiters, determining also the procedure for appointment of the arbiters.

(2) If there is more than one arbiter in the case, the arbitral tribunal shall be deemed formed at the time, when the Chairperson of the Court of Arbitration is appointed for the first time.

**Section 4. Appointment of Arbiters**

(1) The procedure for appointment of arbiters shall be set up by the parties.

(2) If the parties have not agreed upon the procedure for appointment of arbiters, arbiters are appointed in compliance with the Rules.

(3) In case of appointment of one arbiter: If the parties have agreed that one arbiter shall be hearing the dispute, but, before the lodging of a Request of Arbitration, they have not agreed on a specific arbiter, then, by sending a notification specified in Section 2 of the Rules regarding the commencement of Arbitral proceedings, the Court of Arbitration shall offer the respondent to agree with the claimant on a specific arbiter. If within **10** days after a notification has been sent to the respondent on the commencement of Arbitral proceedings no evidence is received at the Court of Arbitration regarding the candidacy of a specific arbiter, the arbiter is appointed by the Chairperson of the Court of Arbitration.

(4) In case of appointment of three arbiters:

In cases when three arbiters must be appointed, each party shall appoint one arbiter. In this case, the claimant upon filing a Request must specify the chosen arbiter. The Chairperson of the Court of Arbitration, upon sending the notification prescribed in Para. 2 of the Rules regarding the receipt of Request, informs the respondent about it and offers them to choose an arbiter for their part, and sets a deadline for notification about the respondent’s choice. If either party has failed to notify the chosen arbiter before the set deadline, then the Chairperson of the Court of Arbitration shall appoint an arbiter on Party’s behalf.

Both of the appointed arbiters shall choose a third arbiter, who acts as the Chairperson of the Arbitral Tribunal. The arbiters shall submit the decision on the appointment of a Chairperson of the Arbitral Tribunal to the Court of Arbitration without delay. If, within 3 working days after the appointment of the second arbiter, a decision of arbiters about the appointment of the Chairperson of the Arbitral Tribunal is not received at the Court of Arbitration, then the Chairperson of the Court of Arbitration shall appoint a Chairperson of the Arbitral Tribunal.

 (5) In case of appointment of several arbiters:

If the parties have agreed on another (odd) number of arbiters, both parties shall select an equal number of arbiters in compliance with procedures established in Part four of the present section, all of which shall, by mutual agreement, choose a Chairperson of the Arbitral Tribunal from the list of arbiters.

(6) The respondent may include a proposal for the candidacy to the arbiter’s position in the request for arbitration before the deadline set by the Court of Arbitration.

(7) Should there be several claimants and/or respondents in a case, the number of arbiters will not change, and both the claimants and the respondents must agree on selecting a candidate(candidates) to the arbiter’s (arbiters’) position for their part. Arbiters are appointed in compliance with the present Section.

 (8) If a party has appointed an arbiter and has notified the other party about it, it may not unilaterally remove this arbiter without the other party’s consent.

(9) In all cases when the parties fail to agree and/or a party has not notified the Court of Arbitration in writing before the set deadline regarding their selected arbiter, then the Chairperson of the Court of Arbitration shall appoint an arbiter on behalf of the respective party.

(10) In all cases, when the Arbitral Tribunal is unable to agree on the appointment of a Chairperson of the Arbitral Tribunal before the set deadline, then the Chairperson of the Court of Arbitration shall appoint the Chairperson of the Arbitral Tribunal.

(11) In all cases the arbiters are appointed from a list of arbiters that is published on the Court of Arbitration website and submitted to the Enterprise Register.

**Section 5. Independence, Declining, Dismissal and Termination of Powers of the Arbiter**

(1) The arbiter shall fulfil his obligations in good faith; The arbiter shall be impartial and independent.

(2) The arbiter within five days after the day he is informed about appointment or after the day when he is informed about circumstances that might cause justified doubt of his impartiality and independence shall recuse himself providing the reasons for recusal.

(3) An arbiter can be dismissed in the cases provided by the law, as well as if there are circumstances that might cause justified doubt of his impartiality and independence. Any of the parties can dismiss an arbiter appointed by that party or in appointment of whom the party has participated in only if the reasons for dismissal have become known to the party after the appointment of the arbiter.

(4) If the arbiter who is to be dismissed does not resign from the fulfilment of his obligations the issue regarding the dismissal of the particular arbiter shall be decided by the Arbitral Tribunal or the arbiter himself within five days after the receipt of the notification.

(5) The parties shall submit a notification of dismissal of an arbiter not later than within five days after any of the parties has found out or should have found out the circumstances that can serve as grounds for arbiter’s dismissal. In the notification about dismissal, the party shall indicate which of the arbiters and on what basis is being dismissed. It will be considered that the party who has failed to submit the notification in due time has waived its rights to submit a dismissal.

(6) In case of inactivity of an arbiter or in case he is unable to function in fact or due to legal causes for more than 14 days, the Chairman of the Court of Arbitration at his own initiative or by initiative of a party is authorised to dismiss this arbiter.

(7) Authority of an arbiter expires:

1. if the rejection of the arbiter is accepted;

2. if the arbiter has recused himself from resolving of a dispute;

3. by dismissal of the arbiter by the chairperson of the Court of Arbitration pursuant to the Rules;

4. if the parties have agreed upon dismissal of the arbiter;

5. if the arbiter is subject to statutory restrictions;

6. by death of the arbiter.

(8) Within one case, an arbiter may not be subject to a repeated dismissal. This condition does not prevent the parties from voicing justified objections and the arbiter from deciding on recusing himself.

**Section 6. Replacement of Arbiter**

(1) To replace an arbiter, whose mandate has ended, procedure prescribed in Section 4 of the Rules shall be applied. If the dispute is reviewed by three or more arbiters and an arbiter appointed by one party is replaced during the arbitration proceedings more than twice, the Chairperson of the Court of Arbitration shall appoint a new arbiter to replace the previous one.

(2) After the appointment of a new arbiter, the dispute settlement process shall be started anew in those cases, when the dispute is resolved by a single arbiter or when a new Chairperson of the Arbitral Tribunal is appointed. In other cases, the matter on repeat review of the case shall be decided by the Court of Arbitration.

**Section 7. Correspondence**

(1) The Court of Arbitration shall send the processed documents (judgements, resolutions, notifications etc.) to the parties by post or electronic mail; the parties have the right to receive such documents also in person.

Documents for a natural person shall be sent by a certified mail to the declared address, but if the declaration contains an additional address, also to this additional address unless the natural person has indicated another address to the Court of Arbitration; documents for legal entities shall be sent to the registered address.

Documents shall be sent by electronic mail if the party has informed the Court of Arbitration that it agrees to use electronic mail for communication with the Court of Arbitration. In this case, the Court of Arbitration shall send the documents to the electronic mail address provided by the party. If the Court of Arbitration finds technical obstacles to sending of documents in an electronic mail, they are sent in a certified mail dispatch.

If a party has indicated its representative to the Court of Arbitration, all documents shall be sent or issued to the party’s representative. Should one party have several representatives, the documents will only be sent to one of them.

(2) The documents that the party prepares and submits to the Court of Arbitration after the commencement of arbitral proceedings (amendments, supplements to Request for Arbitration, response to the claim, applications etc.) shall be sent by the party to the other participants of the arbitral proceedings and evidence shall be submitted to the Court of Arbitration to confirm the sending of documents to them; the Court of Arbitration shall ensure that the participants of the arbitral proceedings have an opportunity to examine the documents received at the Court of Arbitration at the premises of the Court of Arbitration.

(3) Documents sent by the Court of Arbitration shall be considered received on the day of issue provided that they are delivered and issued to the addressee in person. Should the documents be sent by post, it will be considered that the documents are received on the seventh day after sending the documents by post. Should the documents be sent by electronic mail it will be considered that the documents are received within two working days after sending.

(4) If during the arbitration proceedings either of the parties change their address, it is their duty to notify the new address in writing to the Court of Arbitration.

**Section 8. Venue of the Court of Arbitration Proceedings**

Proceedings of the Court of Arbitration take place in the premises of the Court of Arbitration at Krišjāņa Valdemāra Street 35, Riga, LV-1010 (premises of the Latvian Chamber of Commerce and Industry). Correspondence addressed to the Court of Arbitration shall be sent to the address provided above. Electronic correspondence shall be sent to the electronic mail address – Tiesa@fstiesa.lv. The website address of the Court of Arbitration is [www.fstiesa.lv](http://www.fstiesa.lv).

**Section 9. Procedural Deadlines**

(1) Procedural deadlines that are not stipulated in the present Rules shall be set up by the Court of Arbitration.

(2) A precise date or a deadline until a particular date, or a period of time (in years, months, days or hours) shall be provided for the performance of the procedural activity. If the procedural activity does not have to be performed on a particular date it can be carried out within the determined period. The deadline can be set indicating an event that must set in.

(3) A deadline countable in years, months or days shall commence on the next day after the date or the event that determines commencement of the term. A deadline countable in hours shall commence on the next hour after the event determining commencement of the term.

(4) A term countable in years shall expire on the respective month and day of the last year of the term. A term countable in months shall expire on the respective day of the last month of the term. Should the term countable in months expire on a month that does not have the particular date, the term shall expire on the last day of that month. A term determined until a particular date shall expire on that date. Should the last day of a term be Saturday, Sunday or a statutory holiday, the last day of the term shall be the next working day.

(5) A legal procedure, the deadline of which is approaching, can be completed until the midnight of the last day of the term. If the legal procedure is to be carried out in the Court of Arbitration, the deadline shall set in on the hour when the Court of Arbitration closes. If a Request for Arbitration, complaint or other information is submitted at an establishment of communication service by midnight of the last day of the term, the documents shall be considered submitted in due time.

(6) The right to carry out a legal procedure shall expire along with the expiry of the term. Claims and documents submitted after the expiry of the term of the legal procedure shall not be accepted.

(7) When proceedings of the Court of Arbitration is terminated, the countdown is also stopped. The countdown of the term stops at the moment of setting in of the circumstances that caused termination of the proceedings. The countdown of the term of legal procedure shall restart from the day when the legal procedure is renewed.

(8) The Court of Arbitration is authorised to postpone the deadlines of the legal procedures stipulated by the Court of Arbitration. Deadlines of legal procedures stipulated in the Rules cannot be postponed.

(9) Deadlines of a legal procedure that have not been met can be restored upon request of a party of the claim, provided that the Court of Arbitration finds the reasons for the delay justified. When restoring the deadline that has not been met, it is simultaneously allowed to carry out the delayed legal procedure.

**Section 10. Request for Arbitration**

(1) The Request for Arbitration shall be drawn up in writing and shall contain the following information:

1. the claimant’s name, surname, identity number, declared domicile, but in the absence thereof — the place of residence; for a legal entity: the name, registration number and registered office. The claimant may indicate the phone number or e-mail address if consent is given for communication with the Court of Arbitration over the phone or via electronic mail;

2. the respondent’s name, surname, identity number, declared domicile and additional address stated on the declaration, but in the absence thereof — the place of residence; for a legal entity: the name, registration number and registered office. The respondent’s identity number or registration number are stated if known;

3. if the claim is raised by a representative, then the claimant’s representative’s name, surname, identity number and the address for communication with the Court of Arbitration; for a legal entity — the name, registration number and address,

4. in claims for recovery of funds — the name of the credit institution and the account number, to which payment is to be transferred, if available;

5. the subject, amount of request, calculation of the request amount;

6. grounds of request and evidence proving it;

7. claimant’s requests;

8. a list of enclosed documents;

9. other information if required to review the case.

(2) Documents to be attached to the Request for Arbitration:

1. The Arbitration Agreement, unless it is included in the contract in respect of which the dispute has arisen;

the agreement/-s in respect of which the dispute has arisen;

3. the documents, to which the Claimant refers in the Request for Arbitration and;

4. documents confirming the identification data of the parties (persons);

5. documents confirming the fact that a proposal or a notification has been sent to the respondent about an arbiter, unless this proposal or notification is not included in the Request;

6. documents confirming the payment of costs of the Court of Arbitration.

(3) The Request for Arbitration shall be lodged at the Court of Arbitration along with as many copies as there are participants of the arbitration proceedings.

(4) If, pursuant to the arbitration agreement, the case is reviewed by one arbiter of the Court of Arbitration, the claimant may state one or several candidates from the list of arbiters, whom he offers to the owner to choose from.

(5) The Court of Arbitration may request that the claimant submits additional documents, incl. a statement confirming the declared domicile of the claimant — a natural person and/or the additional address shown in the declaration.

**Section 11. Resolving of the Issue Regarding Acceptance of the Request for Arbitration and Initiation of the Arbitration Proceeding**

After receipt of the Request for Arbitration the Chairman of the Arbitral Tribunal shall make a decision within five working days regarding:

1. the acceptance of the request for arbitration and initiation of the arbitration proceeding;

2. refusal to accept the Request for Arbitration;

3. leaving the Request for Arbitration without review.

**Section 12. Reasons for Refusal to Accept the Request for Arbitration**

The Court of Arbitration shall refuse to accept a Request for Arbitration if the documents attached to the request clearly suggest that the dispute is not a subject to arbitration.

**Section 13. Leaving the Request for Arbitration without Review**

(1) The Court of Arbitration shall leave the Request for Arbitration without review if:

1. the Request for Arbitration does not contain all the details stipulated in part one of Section 10 of the present Rules;

2. any of the documents stipulated in part two of Section 10 of the present Rules is not attached to the Request for Arbitration.

(2) Chairman of the Arbitral Tribunal shall make a justified decision about leaving a Request for Arbitration without progress, send it to the claimant and determine a deadline for elimination of deficiencies. If the deficiencies are eliminated before the set deadline, the Request for Arbitration shall be considered submitted as on the day when it was first submitted to the Court of Arbitration. If the deficiencies are not eliminated before the set deadline, the Request for Arbitration shall be considered not submitted.

(3) If the deficiencies are insignificant, the Chairman of the Arbitral Tribunal may initiate the proceeding and instruct the claimant to eliminate the deficiencies during proceedings.

Insignificant deficiencies can include lack of any document listed in Section 10, part two, Paragraph 4 if the claimant is unable to obtain these documents. In that case, the Chairman of the Arbitral Tribunal may decide on the initiation of the arbitral proceedings without the submission of the said documents.

**Section 14. Separation of Claims and Cases**

(1) The Court of Arbitration is authorised to ask the claimant to separate one or several claims from the main claim and make a new claim if the court finds separate review of claims useful.

(2) The Court of Arbitration is authorised to separate one or several claims from the main claim and make a new claim if the review of these claims in one proceeding has become difficult or impossible.
(3) If a claim is separated before the commencement of proceedings, the separated claim shall be subject to all provisions of these Rules that apply to the Request for Arbitration.

(4) If a claim is separated after the commencement of proceedings, the separation shall be performed by a decision of the Court of Arbitration. The separated claim shall be reviewed by the same Arbitral Tribunal.

(5) Arbitration expenses for the review of the separated claim shall be in full amount as for a separate claim.

**Section 15. Preparation of the Case for Review**

(1) If there are no obstacles for the acceptance of the Request for Arbitration, the Chairman of the Court of Arbitration initiates proceedings and sets the date for the review of the case. In his decision, the Chairman of the Court of Arbitration informs the respondent about his rights to submit a Response and sets a deadline for the submission of such Response that cannot be less than fifteen days from the day when the Request for Arbitration is sent to the respondent. If necessary, the decision of the Chairman of the Court of Arbitration can include a list of documents requested by the Court of Arbitration, as well as special instructions of the Court of Arbitration. The notification about the first hearing of the Court of Arbitration shall be sent no later than fifteen days before the hearing, unless the parties have agreed on a shorter term.

(2) The respondent shall submit a response to the Court of Arbitration and the claimant within the term determined by the Court of Arbitration.

(3) The respondent in his Response states the following:

1. whether they agree with the claim fully or partially;

2. their objections against the claim and justification;

3. the facts the respondent uses to substantiate his objections and evidence that confirm them;

4. other facts which he considers significant in the adjudication of the case; his telephone number or electronic mail address, if he agrees to use telephone or electronic mail for communication with the Court of Arbitration.

(4) The Response shall be supplemented with copies for the other participants of the arbitration proceeding.

(5) Failure to give a response is not an obstacle to the review of a civil dispute.

**Section 16. Counterclaim**

(1) The respondent may submit a counterclaim, which may be considered by the Arbitral Tribunal together with the principal claim, if the subject of counterclaim is within the Arbitration Agreement. The counterclaim shall be filed in writing. The counterclaim is subject to the same provisions of the Rules that apply to the Request for Arbitration

(2) If the Respondent has failed to meet the established deadline due to justified reasons, the Court of Arbitration may allow submission of a counterclaim also after this deadline, unless the review of the case on its merits is still not complete. If the Court of Arbitration does not justify the delay, the Court of Arbitration leaves the counterclaim without review.

**Section 17. Amendment and Supplement of the Claim**

(1) Unless the parties have agreed otherwise, either party may amend or supplement the claim in writing before the commencement of settlement of the dispute on its merits.

(2) In cases when the grounds of the claim are amended or supplemented, the respondent is entitled to give a Response.

**Section 18. Language of the Arbitration**

(1) The language of the Arbitral proceedings shall be the state language. The proceedings can be held in another language if the parties agree on that. The Arbitral Tribunal may request from the parties a translation or a notarially certified translation of any written evidence into the language of arbitration.

(2) Should any of the parties not have command of the language of arbitration, they are entitled to engage an interpreter.

(3) The Court of Arbitration only decides to engage an interpreter, if it is requested by any of the parties. The party shall submit a request to engage an interpreter not later than five working days before the date of reviewing the case. The request shall contain a document regarding a payment for interpreting services in the amount stipulated in Regulations on Costs of the Court of Arbitration of the Association of Commercial Banks of Latvia.

**Section 19. Determination of Jurisdiction**

(1) The Arbitral Tribunal shall decide on the jurisdiction of the dispute.

(2) Either party may submit a notification stating that a dispute is beyond jurisdiction of the Court of Arbitration before the deadline for submission of the Response. If a party has not submitted a notification at the Court of Arbitration before the set deadline claiming that the dispute or a part thereof falls outside the jurisdiction of the Court of Arbitration, the party shall not be entitled to raise such objections at a later time and it shall be deemed that they have waived their right to raise such objections.

(3) The issue of jurisdiction of the Court of Arbitration may be decided by the Arbitral Tribunal at any stage of arbitration, including the final resolution.

**Section 20. Dispute Resolution by the Court of Arbitration**

(1) In reviewing the dispute, the Arbitral Tribunal shall comply with the principle of equal rights and the adversarial principle. Both parties have equal rights to outline their opinions and maintain their rights.

(2) In line with the arbitration agreement concluded between the parties, the Arbitral Tribunal shall organise sessions to hear explanations and objections of the parties, as well as to verify the evidence (a verbal process) or settles the dispute only on the grounds of submitted written evidence and materials (a written process). The Arbitral Tribunal shall organise a verbal process also in cases when the parties have not agreed on a specific type of process in the arbitration agreement or they have agreed on a written process but one of the parties requests a verbal process before passing the final resolution. In line with the Rules and the agreement between parties, the Court of Arbitration may hold the arbitration in a way it finds useful, provided that the dispute shall be resolved without undue delays and that the parties are given equal opportunities to explain their opinions and submit documents.

(3) Arbitration sessions shall be held in camera (closed). Persons, who are not participants of the process, can only participate in the session with a permission of the parties.

(4) The Court of Arbitration shall introduce the parties with any submissions, documents and other information received by the Court, as well as with expert opinions and other evidence. Such introduction takes place at the premises of the Court of Arbitration.

**Section 21. Parties’ Representatives**

Natural persons shall carry out the proceedings themselves or with intermediation of authorised representatives. Legal entities shall be represented by their officials operating within framework of authority stipulated by the law, Articles of Association or Rules, or by other authorised persons of legal entities. The parties are authorised to engage sworn lawyers to receive legal assistance during arbitrage.

**Section 22. Evidence**

(1) Statements of the parties, written evidence, physical evidence and expert opinions may be used as evidence in the arbitration.

(2) Evidence shall be provided by the parties. Each party shall prove those circumstances on which they base their claims or objections. The Court of Arbitration may request the parties to submit additional documents or other evidence.

(3) Written evidence shall be submitted by way of an original, or true copy, copy or an extract certified in accordance with the specified procedures. If a party submits a document by way of a true copy, copy or extract, the Arbitral Tribunal, at its own discretion or at the request of the other party, may require the original document to be submitted. The original document, at the request of the person, who has provided this document, shall be returned by the Arbitral Tribunal to the submitter, while adjoining a certified true copy, copy or extract to the records of proceeding.

(4) The Arbitral Tribunal shall determine admissibility and eligibility of the evidence. The Arbitral Tribunal may refuse to accept the evidence submitted by the parties, should it find the evidence unnecessary or unrelated to the case, or if the evidence can be obtained by other means in a simpler and/or less expensive way.

(5) No evidence shall have a predetermined effect as would be binding upon the Arbitral Tribunal.

(6) The Arbitral Tribunal, on the grounds of a party’s reasoned request, is entitled to request that the other party dispenses the written evidence available to it. The party, which asks the Arbitral Tribunal to request written evidence, shall describe such evidence and provide their reasons for presuming that the other party has the evidence. If the other party refuses to provide the requested written evidence to the Arbitral Tribunal before the deadline set by the Arbitral Tribunal, while not denying that they hold this evidence, the Arbitral Tribunal may presume that the facts, the written proof of which the other party has referred to, are deemed proven.

**Section 23. Expert examination**

(1) Unless otherwise provided for in the arbitration agreement, the Arbitral Tribunal, upon request of a party, may appoint expert examination and instruct one or several experts to carry out such expert examination. The expert examination shall only be carried out if the party has paid for the expert’s services in advance.

(2) The parties upon a request of the Arbitral Tribunal shall provide the expert with the necessary information or documents, present goods or other items.

(3) Upon request of a party, the Arbitral Tribunal can invite the expert after submission of the opinion to participate in the court session to give explanations and answer parties’ questions regarding the expert’s opinion.

(4) The Arbitral Tribunal shall determine the procedure for dividing the expenses for expert’s services.

**Section 24. Non-appearance of the Parties**

Should a party fail to appear in a verbal process or fails to submit written evidence without a justified reason, the Arbitral Tribunal continues the proceedings and settles the dispute on the grounds of the available evidence.

**Section 25. Minutes**

(1) Minutes of the arbitral proceedings are recorded only if either of the parties requests it. The party shall send a request to record minutes of the proceedings to the Court of Arbitration no later than five working days before the date set for the arbitral proceedings. The request shall include a proof of payment of the fee for services of a clerk for the amount specified in the Regulations on Costs of the Court of Arbitration of the Association of Commercial Banks of Latvia.

(2) The minutes shall be recorded by a clerk chosen by the Court of Arbitration. The minutes shall be signed by all arbiters and the clerk no later than on the third day after the arbitration session has finished. The parties shall have the right to review the minutes and submit written remarks and objections regarding the minutes within five days after signing. The Arbitral Tribunal shall decide on the adequacy of objections or on the relevance of remarks with regard to the session.

(3) A clerk selected by the Court of Arbitration shall decide on whether the progress of the arbitration is recorded using technical means. If the progress of the arbitration is recorded using technical means, a remark about that is made in the arbitration hearing minutes. Audio recordings or materials obtained by way of using other technical means shall be added to the case and stored with it.

**Section 26. Remedial Consequences of Withdrawal of a Party**

(1) The fact that a natural person, who is one of the parties, has deceased or a legal entity, which is one of the parties, has ceased to exist does not in itself terminate the arbitration agreement, unless the parties have agreed otherwise, and if the contested legal relationship permits legal succession.

(2) In that case the Court of Arbitration suspends the arbitration process in line with procedures established in the Rules until a legal successor is determined.

(3) Assignment of claim shall serve as grounds to terminate the arbitration proceeding unless the parties have not agreed again to resolve the dispute in the Court of Arbitration.

**Section 27. Rights to Raise Objections**

(1) Parties may raise objections if any provision of the law, the present Rules or the agreement between the parties is breached or disregarded. The party shall submit objections to the Arbitral Tribunal and the other party in writing, as soon as the party has become aware of the respective breach.

(2) The Arbitral Tribunal shall decide on the adequacy of the objections.

(3) If the party does not submit objections, it shall be considered that the party has waived its rights to raise such objections.

**Section 28. Adopting Arbitration Decisions**

(1) All resolutions (decisions and awards) of the Court of Arbitration consisting of one or more arbiters shall be made by simple majority vote, except in cases when the Chairman of the Arbitral Tribunal independently decides on procedural issues because the parties or other arbiters have granted them relevant authorization. By making a resolution, arbiters may vote in favour or against each specific resolution, but they may not abstain.

(2) The arbitration resolution shall take effect on the date when it is made. It may not be appealed or objected against.

(3) The signatures of the arbiters on the award shall be certified by a person appointed by the Chairman of the Arbitral Tribunal. If the Arbitral Tribunal is formed of several arbiters, the resolution is signed by all arbiters, however, if any of the arbiters does not sign the resolution, a reason for not signing shall be specified in the arbitration resolution.

(4) Arbiters’ signatures on resolutions shall be certified by a person appointed by the Chairperson of the Court of Arbitration.

**Section 29. Arbitration Decisions**

The Court of Arbitration can make a decision about the postponement, suspension of the review of dispute and other issues without review of the case on its merits. The Chairman of the Arbitral Tribunal may independently decide on procedural issues if the parties or other arbiters have entrusted him with that authority. Such decision shall be made in writing only in cases when written form has been expressly specified in the Arbitration Law, the Rules, the parties have agreed on it or the Court of Arbitration deems written form of decision to be suitable.

**Section 30. Postponement of the Settlement of Dispute**

(1) The Court of Arbitration shall postpone the settlement of dispute:

1. if any of the participants fails to appear at the arbitration session and this participant has not been informed about the venue and time of the arbitration session;

2. if any of the participants, who was duly informed about the venue and time of the arbitration session, fails to appear at the arbitration session due to a reason that the Court of Arbitration finds justified;

3. if the respondent has not received the claim statement and therefore requests postponement of the settlement of dispute.
(2) The Court of Arbitration may postpone the settlement of dispute:

1. if the claimant, who was duly informed about the venue and time of the arbitration session, fails to appear to the arbitration session due to unknown reason;

2. if the respondent, who was duly informed about the venue and time of the arbitration session, fails to appear at the arbitration session due to unknown reason;

3. upon a participant’s request to give him a possibility to provide further evidence;

4. in other cases, when the Court of Arbitration finds it useful.

(3) After the postponement of the settlement of dispute, a review of the dispute shall be started over at the next session.

**Section 31. Suspension of the Arbitral Proceedings**

(1) The Arbitral Tribunal shall suspend the arbitral proceedings until the determination of the legal successor or appointment of legal representative if: the natural person has died or the legal person, which is one of the parties, has ceased to exist if the contested legal relations allow for succession of rights and there are no grounds to terminate the arbitral proceedings.

(2) The Arbitral Tribunal may suspend the arbitral proceedings if:

1. the Arbitral Tribunal assigns the expert examination;

2. the parties have agreed to suspend the arbitral proceedings;

3. in other cases, when the Court of Arbitration finds it useful.

(3) The arbitral proceedings shall be renewed by the Arbitral Tribunal pursuant to a decision on its own initiative or on the grounds of an application of the parties.

**Section 32. Leaving a Claim without Review**

(1) The Arbitral Tribunal may leave the claim without review if:

1. the claim on behalf of the claimant is raised by a person, who is not duly authorised to do so;

2. a dispute between the same parties with the same subject and on the same basis is under review by the same Court of Arbitration;

3. it is requested by the claimant.

(2) If a claim is left without review, the claimant is entitled to resubmit the Request of Arbitration at the Court of Arbitration pursuant to the procedure stipulated in the law and the present Rules.

(3) The claim can be left without review until the commencement of review of the case on its merits.

**Section 33. The Award**

(1) The Court of Arbitration makes decision within 14 days after it has concluded the review of the dispute on its merits. The Court of Arbitration shall make the award in writing and it shall be signed by all arbiters. Should either arbiter be unable to sign the award, it shall be stated why the arbiter did not sign the award.

(2) The award shall contain the following information:

1. the Arbitral Tribunal;

2. the date of making and announcing the award and the place of arbitral proceeding;

3. information about the parties – the natural person’s name, surname, identity number, other personal identification data and the declared place of residence or another address used for correspondence, the legal person’s name, registration number, other identifying data and the registered address;

4. subject of the dispute;

5. reasoning of the award unless the parties have agreed otherwise;

6. a conclusion regarding complete or partial satisfaction of the claim or complete or partial rejection and regarding the nature of the arbitral award;

7. the amount to be imposed if the award is made in respect to collection of money, indicating separately the principal debt and the interest, the time period for which the interest has been applied, the claimant’s rights to receive interest for the time period prior to execution of the award, including also the amount of the interest;

8. the specific property and its value to be collected in the event of non-existence of any property if the award is made in respect of transfer of goods in kind;

9. the actions to be performed by certain parties and the time period of performance if the award imposes an obligation to perform certain actions;

10.  the part of the award applicable to each of the claimants if the award is made for the benefit of several claimants, or the part of the award to be executed by each respondent if the award is made against several respondents;

11. the arbitration expenses, as well as distribution of these expenses and legal costs between the parties;

12. other information as deemed necessary by the Arbitral Tribunal.

(3) The award of the Court of Arbitration is sent or issued to the parties within three days after it is made.

**Section 34. Correction, Explanation and Supplement of the Award**

(1) The Court of Arbitration may, upon its own initiative or upon an application of a party, correct clerical and mathematical calculation errors in the award. Such errors may be corrected without the participation of the parties.

(2) Unless the parties have agreed otherwise, a party, by giving a notice to the other party, within 30 days from the date of dispatch or receipt of a copy of the award, may request the Court of Arbitration to explain the award without changing its contents. The explanation of the award shall become an integral part of the award as of the date of making.

(3) Unless the parties have agreed otherwise, a party, by giving a notice to the other party, within 30 days from the date of dispatch or receipt of a copy of the award, may request the Court of Arbitration to make an additional award if any of the declared claims has not been resolved for which evidence has been submitted and regarding which the parties have provided explanations. If the Court of Arbitration considers the request to be reasonable, it shall make the additional award.

(4) The Court of Arbitration, no later than 15 days in advance, notifies the parties about the arbitration session, in which the matter on the correction, explanation of the award or making of the additional award is to be resolved. If due to the correction of the award its operative part may change, but the merits of the award do not change, the Court of Arbitration shall invite the parties to express their opinion. The failure of the parties to attend is not an impediment to correct, explain the award or to make the additional award.

**Section 35. Settlement**

(1) If during the arbitration proceeding the parties reach a settlement, the Court of Arbitration terminates the arbitration proceedings. The settlement shall be concluded by the parties in writing and shall contain the following information: for a legal person – the name, registration number and registered office, for a natural person – the name, surname, identity number and address, as well as the matter of the dispute and obligations of each party which they agree to fulfil voluntarily.

(2) Upon parties’ request, the Court of Arbitration shall prepare the settlement in the form of an award, including the agreed conditions, provided that they do not contradict the law or infringe upon other persons’ rights or interests provided for in law.

**Section 36. Termination of the Arbitral Proceedings**

(1) The Arbitral Tribunal shall adopt a decision on termination of the Arbitral Proceedings if:

1. the Claimant has withdrawn the claim;

2. the parties have agreed to settle;

3. the arbitration agreement has become invalid pursuant to the law or agreement;

4. the Arbitral Tribunal concludes that the dispute does not fall within the jurisdiction of the Court of Arbitration;

5. the natural person, who is one of the parties, has deceased or the legal person, which is one of the parties, has ceased to exist, and the legal relationship does not allow legal succession, or the parties have agreed that the arbitration proceedings are terminated in this case.

(2) Should there be a reason to terminate the arbitral proceedings before the appointment of the Arbitral Tribunal, the decision regarding the termination of the arbitral proceedings shall be made by the Chairman of the Court of Arbitration.

**Section 37. Costs of the Arbitration**

(1) Costs of the arbitration include fixed expenses of the Court of Arbitration, arbiters’ fees, remuneration for the services of experts, interpreters or clerks.

(2) The fixed expenses of the Court of Arbitration and the arbiters’ fees, as well as the payment procedure is stipulated in the Regulations on Costs of the Court of Arbitration of the Association of Commercial Banks of Latvia (Attachment No.2). Other costs of the arbitration are determined by the Court of Arbitration pursuant to the present Rules, and such costs shall be reasonable.

**Section 38. Distribution of the Costs of the Arbitration**

(1) Normally, the Court of Arbitration awards all expenses for the arbitration for the benefit of the party, whose claim was satisfied. When a claim is satisfied partially, expenses for the arbitration are awarded to the claimant proportionate to the amount of the satisfied claim.

(2) Should the claimant withdraw the claim, the respondent shall not cover the expenses for the arbitration paid by the claimant. However, if the claimant does not maintain the claims because the respondent has voluntarily satisfied such claims after the submission of the claim, the court shall, upon the claimant’s request, instruct the arbitration expenses paid by the claimant to be collected from the respondent.

(3) The Arbitral Tribunal may divide any arbitration expenses between the parties in another way, if the Court of Arbitration finds it reasonable in the light of the circumstances of the case.

(4) If the respondent fails to submit the Response to the Request before the set deadline, the Arbitral Tribunal, irrespective of the outcome of the proceedings, may decide that all the arbitration expenses paid by the respondent are collected from the claimant.

(5) Should the claimant repeatedly apply to the Court of Arbitration with the same claim because they have not received a writ of execution, the Chairman of the Court of Arbitration, upon the claimant’s request, may release the claimant from payment of the arbitration expenses, provided that the issuance of the writ of execution is rejected due to infringements by the Court of Arbitration and such infringements can be ascertained impartially.

**Section 39. Confidentiality**

(1) The arbitration proceedings shall be confidential.

(2) Sessions of the Arbitral Tribunal shall be closed to the public, and the information concerning the arbitration proceedings is not given to other persons and shall not be published, unless the parties have agreed otherwise.

(3) Persons, who are not participants of the arbitration proceedings, may only participate at the session of the Court of Arbitration with the consent of the parties.

(4) The Court of Arbitration may not reveal any information about the case. The case materials shall only be made available to participants of the case, the arbiter, the Chairman of the Court of Arbitration and employees of Secretariat of the Court of Arbitration.

(5) Information about the arbitral proceedings shall be given to persons, who are entitled to receive it in order to fulfil statutory duties.

**Section 40. Storage of Documents of the Proceedings**

(1) At the discretion of the Chairman of the Arbitral Tribunal (arbiter), the case materials before closing of the proceedings shall be kept at the premises of the Court of Arbitration or by the Chairman of the Arbitral Tribunal (arbiter).

(2) The documents of arbitral proceedings shall be kept by the Court of Arbitration for 10 (ten) years after completion of the arbitration. These documents shall be available only to the parties and authorised state officials.

**Section 41. List of Arbiters**

The Court of Arbitration maintains a list of arbiters. The Court of Arbitration includes on the list of arbiters only those persons, whose statutory eligibility has been verified in accordance with the documents submitted by these persons. The Court of Arbitration shall confirm arbiters’ statutory eligibility by submitting an appropriate confirmation and the necessary documents at the Enterprise Register.

***Annex 1***

***to the Rules of the Court of Arbitration of the Association of Commercial Banks of Latvia***

**ARTICLES OF ASSOCIATION of the Court of Arbitration of the Association of Commercial Banks of Latvia**

**1. General Provisions**

1.1 Court of Arbitration of the Association of Commercial Banks of Latvia (hereinafter – Court of Arbitration) is a permanent Court of Arbitration.

1.2 Founder of the Court of Arbitration is the society “Finanses un šķīrējtiesa”, registration No. 40003502116.

1.3 Full name of the Court of Arbitration is the Court of Arbitration of the Association of Commercial Banks of Latvia.

1.4 Translation of the name of the Court of Arbitration:

\* in English – Court of Arbitration of the Association of Commercial Banks of Latvia

\* in Russian – Третейский суд Ассоциации коммерческих банков Латвии.

1.5 The Court of Arbitration is not a legal person.

1.6 The Court of Arbitration is located at Krišjāņa Valdemāra Street 35, Riga, LV-1010 (premises of the Latvian Chamber of Commerce and Industry).

**2. Procedure of the Court of Arbitration**

2.1 Settlement of disputes by the Court of Arbitration is carried out in accordance with the Rules.

2.2 Fulfilment of procedural functions established in the Rules shall be ensured by the Chairman of the Court of Arbitration, who also provides consultations and methodological advice on issues related to the functioning of the Court of Arbitration.

2.3 The Chairman of the Court of Arbitration of the Association of Commercial Banks of Latvia is elected by the founder of the Court of Arbitration. The founder may dismiss the Chairman of the Court of Arbitration upon request of the Chairman of the Court of Arbitration, as well as if the Chairman of the Court of Arbitration fails to carry out his duties or carries out them inadequately.

2.4 In the absence of the Chairman of the Court of Arbitration, as well as in other cases when unbiased circumstances hinder the fulfilment of his duties, the functions of the Chairman of the Court of Arbitration shall be carried out by a person appointed by the founder of the Court of Arbitration.

***Annex 2***

***to the Rules of the Court of Arbitration of the Association of Commercial Banks of Latvia***

**Regulations on Costs**

**of the Court of Arbitration of the Association of Commercial Banks of Latvia**

1. 1. The present Regulations specify the amount and the payment procedure of the expenses and arbiters’ fees of the Court of Arbitration of the Association of Commercial Banks of Latvia (hereinafter — the Court of Arbitration).
2. 2. Fixed expenses and fees of the arbiters of the Court of Arbitration:

|  |  |  |
| --- | --- | --- |
| Amount of the claim(EUR) | Fixed expensesof the Court of Arbitration | Arbiter’s fee |
| 1 arbiter (EUR) | 3 arbiters (EUR) |
| up to EUR 2000 | EUR 150 | 100.00 | 75.00 |
| from EUR 2,001 toEUR 7,000 | EUR 150 + 3 % of the sum exceeding EUR 2,000 | 150.00 | 100.00 |
| from EUR 7,001 toEUR 30,000 | EUR 200 + 2 % of the sum exceeding EUR 7,000 | 250.00 | 150.00 |
| from EUR 30,001 toEUR 150,000 | EUR 550 + 1 % of the sum exceeding EUR 30,000 | 300.00 | 200.00 |
| from EUR 150,001 toEUR 700,000 | EUR 1600 + 0.3 % of the sum exceeding EUR 150,000 | 500.00 | 300.00 |
| over EUR 700,001 | EUR 4000 + 0.4% of the sum exceeding EUR 700,000 | 800.00 | 500.00 |
| Non-material claim | EUR 300 | 250.00 | 150.00 |

Note:

Services of the Court of Arbitration are subject to the value added tax. The sums provided in the table above are indicated excluding the value added tax. When making a payment, the value added tax shall be added to the fee for services of the Court of Arbitration shall be supplemented in accordance with the valid tax rate.

1. The claimant shall specify the sum of the claim or counterclaim in the claim or counterclaim Request. If the specified sum of the claim or counterclaim clearly does not correspond to the value of the claimed property, the sum of the claim or counterclaim shall be determined by the Chairman of the Court of Arbitration. For a claim that is difficult to assess at the moment of submission, the Chairman of the Court of Arbitration shall pre-determine the amount of arbitration expenses. In this case, the final sum shall be determined by the Court of Arbitration during the review of the dispute. If the sum of a claim or counterclaim is increased, the arbitration expenses shall be increased accordingly, with the exception of interest or a fine for the period from the submission of the claim or counterclaim statement to the Court of Arbitration until the day of drawing up of the respective statement.
2. The fixed expenses and arbiters’ fees of arbiters of the Court of Arbitration shall be paid pursuant to the procedure stipulated in the Rules of the Court of Arbitration of the Association of Commercial Banks of Latvia.
3. Considering the complexity of the case and the time spent reviewing it, as well as other circumstances, the Chairman of the Court of Arbitration may decide to increase the fixed expenses and the arbiters’ fees. The fixed expenses may be increased by a maximum of 100%, whereas the arbiters’ fee – by 200%.
4. All payments to the Court of Arbitration shall be made in Euros. The payment order for the arbitration expenses shall contain the respondent’s – natural person’s surname or the respondent’s – legal entity’s title.
5. An arbiter shall only receive the fee if he has carried out arbiter’s duties until the arbitral proceedings are finished. If the arbitral proceedings are discontinued due to the fact that the claimant has withdrawn the claim (waived the claim) no later than one working day before the first Court of Arbitration session or has asked to leave the claim without review, the arbiter shall receive 50% of the fee.
6. If the Court of Arbitration refuses to accept the claim or counterclaim statement pursuant to the procedure stipulated in the Rules, the prepaid arbitration expenses shall be reimbursed in full. If the arbitral proceedings are discontinued due to the fact that the claimant has withdrawn the claim (waived the claim) no later than one working day before the first Court of Arbitration session or has asked to leave the claim without review, and that is done in the same calendar year when the arbitration expenses are transferred to the account of the Court of Arbitration, the arbitration expenses shall be levied to the extent of 50%, but the sum paid in excess of that shall be reimbursed. In other cases, the arbitration expenses shall not be repaid.
7. The fee for interpreter’s services shall be at least EUR 300.00, excl. the value added tax. Starting with the third hour of the arbitration session, EUR 50 per hour, excl. the value added tax at the relevant effective rate, shall be paid in addition to the said amount. The payment order for the interpreter’s fee shall contain the respondent’s – natural person’s surname or the respondent’s – legal entity’s name.
8. 10. The fee for recording minutes of the Court of Arbitration session shall be EUR 300.00, excl. the value added tax. As from the 2nd hour of the Court of Arbitration session, EUR 50 per hour, excl. the value added tax at the relevant effective rate, shall be added to the above-mentioned amount. If the arbitration session is not taking place in the national language, the fee for recording specified in the present clause shall be subject to a factor of 2 (two).
9. Remuneration for expert services shall be determined depending on the pricing prepared by the expert, expert office or other institution performing expertise or the actual costs.
10. The notification specified in Section 2 of the Rules regarding the commencement of arbitral proceedings shall be sent free of charge to one claimant and one respondent. Clerical costs shall be collected in the amount of EUR 20 per each additional claimant or respondent and each additional address for sending of the notification on the commencement of arbitral proceedings to each additional claimant or respondent (starting with the second).

The payment of arbitration costs shall be settled by transfer to the bank account of the Court of Arbitration.

|  |  |
| --- | --- |
| **Beneficiary:** | Society “Finanses un šķīrējtiesa”VAT registration number LV40003502116 |
| **Beneficiary’s bank, account:** | A/s "SEB banka", code UNLALV2X001account No. LV47UNLA0001200261178 |
| **Payment reference:** | arbitration costs. |

*Society “Finanses un šķīrējtiesa”*

*Member of the Board R.Āboliņš*

*THIS DOCUMENT IS SIGNED ELECTRONICALLY
WITH A SECURE DIGITAL SIGNATURE AND CONTAINS A TIMESTAMP*