Federal Law

"On Arbitration (Arbitration Proceedings) in the Russian Federation"

of 29 December 2015 No. 382-FZ,

as amended by the Federal Law of 03 August 2018 No. 295-FZ

CONTENT

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Chapter 1. GENERAL PROVISIONS

Article 1. Scope of application

1. This Law governs procedure for formation and activities of arbitral tribunals and permanent arbitration institutions in the territory of the Russian Federation, as well as arbitration (arbitration proceedings).

2. The provisions of articles 39 and 43, chapters 9 – 12 of this Federal Law apply with regard of not only arbitration of domestic disputes, but also international commercial arbitration with seat in the Russian Federation.

3. Disputes arising from civil law relationships can be submitted for arbitration (arbitration proceedings) by agreement between the parties, unless otherwise set out in the federal law.

4. Federal laws may establish restrictions for submission of specific kinds of disputes to arbitration (arbitration proceedings).

5. Unless otherwise determined by this Federal Law, it applies both to arbitrations (arbitration proceedings) administered by a permanent arbitral institution and to ad hoc arbitration (arbitration proceedings).

6. Procedure for dispute resolution in the area of professional sport and high performance sport is to be set out in the federal law.

Article 2. Definitions and rules of interpretation

1) "arbitrator (umpire)" means a natural elected by the parties or elected (appointed) according to procedure for dispute resolution by the arbitral tribunal agreed by the parties or set out in the federal law;

2) "arbitration (arbitration proceedings)" means any procedure for dispute resolution by an arbitral tribunal and approval of award by the arbitral tribunal (arbitral award);

3) "administering the arbitration" means performing by a permanent arbitration institution of functions of organiational support of arbitration, including support in procedures of election, appointment

and challenge of arbitrators, records management, organization of collection and allocation of arbitral fees, except for functions of the arbitral tribunal of dispute resolution;

4) "arbitration of domestic disputes" means arbitration not relaited to international commercial arbitration;

4) "foreign arbitration award" means organization formed outside the Russian Federation and permanently performing functions of administering the arbitration, irrespective of whether it is a legal entity or acts without formation of a separate legal entity;

6) "international commercial arbitration" means arbitration, to which the Law of the Russian Federation "On International Commercial Arbitration" of 7 July 1993 No. 5338-1 applies;

7) "competent court" means a court of the Russian Federation determined under the procedure rules of the Russian Federation;

8) "appointment committee" means the collegial body composing of at least five individuals established as a part of permanent arbitration institution and performing functions of of election, appointment and challenge of arbitrators and other functions determined by this Federal Law;

9) "permanent arbitration institution" means a subdivision of non-profit organization, which permanently performs functions of administering the arbitration;

10) "arbitration rules" means rules governing arbitration, including arbitration administered by a permanent arbitration institution;

11) "arbitration rules for corporate disputes" means rules of a permanent arbitration institution governing arbitration of disputes, which are connected with formation of a legal entity in the Russian Federation, its management and participation in the legal entity and which parties are founders, participants, members (hereinafter – the members), of the legal entity and the legal entity itself, including disputes on claims of the members of the legal entity in connection with legal relationships of the legal entities with a third party, where members of the gela entity are entitled to file such claims according to the federal law, except for disputes mentioned in sub-clauses 2 and 6 of clause 1 of article 225-1 of the *Arbitrazh* (Commercial) Procedure Code of the Russian Federation;

12) "rules of permanent arbitration institution " means charters, procedures, reglaments containing, among others, arbitration rules, and (or) rules for performing of separate functions of administering the *ad hoc* arbitration by a permanent arbitration institution;

13) "explicit agreement" means an agreement, which is entered into by the parties in cases determined in clause 4 of article 11, clause 3 of article 13, clause 1 of article 14, clause 3 of article 16, clause 1 of article 27, article 40, clause 2 of article 41, and clause 1 of article 47 of this Federal Law and preempts the arbitration rules;

14) "parties to arbitration" means organizations-legal entities, individuals, which are sole traders, individuals, which have filed a statement of claim according to arbitration procedure for the

purposes of protection of their rights and interests or against which a statement of claim is filed according to arbitration procedure, as well as which joined arbitration of corporate disputes as the members in cases envisaged in this Federal Law;

15) "court" means a body of the judicial system of the Russian Federation or of a foreign state;

16) "arbitral tribunal" means a sole arbitrator or a panel of arbitrators (several umpires);

17) "*ad hoc* arbitral tribunal" means an arbitral tribunal proceeding arbitration without administering from the part of a permanent arbitration institution, except for possible performing of separate functions of administering arbitration by a permanent arbitration institution, where agreed by the parties agreement;

18) "competent federal body of executive power" means a federal body of executive power authorized to perform functions for elaboration and realiation of state policy in the area of justice;

19) "predecessor institution" means a permanent arbitration court, which is established before the date of enactment of this Federal Law and in relation to which a cessionary institution is established for the purposes of administering the arbitration according to this Federal Law;

20) "cessionary institution" means a permanent arbitration institution, which is established according to this Federal Law and perfoms administering the arbitration pursuant to earlier concluded arbitration agreements, which determine administering the arbitration on the part of predecessor institution;

21) "channelized electronic document" means information prepared, sent, received or stored with the use of electronic, magnetic, optic or analogues means, including electronic data interchange and email.

Article 3. Receipt of written communications

1. Documents and other materials shall be sent to the parties according to procedure agreed by them and via addresses indicated by them.

2. Unless otherwise agreed by the parties, documents and other materials shall be sent to the last-known registered address of an organization, which is a party to arbitration, or habitual residence address of an individual, including the sole trader, which is a party to arbitration, by registered letter or any other means which provides a record of the attempt to deliver the said documents and materials. Documents and other materials are deemed to have been received on the day it is so delivered (or the day of recording of attempted delivery), even where the party is not located nor resident at this address.

Article 4. Waiver of right to object

A party who knows that any provision of this Law from which the parties may derogate or any requirement under the arbitration agreement has not been complied with and yet proceeds with the arbitration without stating his objection to such non-compliance without undue delay or, if a time period is provided therefor, within such time period, shall be deemed to have waived his right to object.

Article 5. Extent of court intervention

In matters governed by this Federal Law, no court shall intervene, except where so provided in this Federal Law.

Article 6. Authorities for certain functions of arbitration assistance and supervision

The functions referred to in clauses 3 and 4 of article 11, clause 3 of article 13, clause 1 of article 14, clause 3 of article 16 and article 40 of this Federal Law shall be performed by the competent court.

Chapter 2. ARBITRATION AGREEMENT

Article 7. Definition, form and construction of arbitration agreement

1. Arbitration agreement is an agreement by the parties to submit to arbitration all or certain disputes which have arisen or which may arise between them in respect of a defined legal relationship, whether contractual or not. An arbitration agreement may be in the form of an arbitration clause in a contract or in the form of a separate agreement.

2. The arbitration agreement shall be in writing.

3. The requirement set out in clause 2 of this article shall be deemed as met where the arbitration agreement is concluded, among others, by way of correspondence, exchange of telegrams, telexes, faxes and other docuemtns, including electronic documents transferred via telecommunication channels, in the form allowing useability of such information for subsequent reference.

4. An arbitration agreement is in writing if it is contained in an exchange of procedural submissions (among others, statements of claim and defence) in which the existence of an agreement is alleged by one party and not denied by the other.

5. The reference in a contract to any document containing an arbitration clause constitutes an arbitration agreement in writing, provided that the reference is such as to make that clause part of the contract.

6. An arbitration agreement may be made by means of its inclusion into the exchange rules or clearing rules, which are registered in accordance with the laws of the Russian Federation. Such an arbitration agreement is an arbitration agreement of trading participants, parties to a contract made in the exchange pursuant to the exchange rules, and clearing members.

7. Arbitration agreement for referral to arbitration of all or part of disputes between the members of a legal entity formed in the Russian Federation and the legal entity itself, to which proceedings the arbitration rules for corporate disputes apply, may be made by means of its inclusion into the charter of the legal entity. The charter containing such an arbitration agreement, as well as amendments to the charter containing the arbitration agreement and amendments thereto, shall be unanimously approved by all the superior management body (the members' meeting) of the legal entity by all the members of the legal entity. An arbitration agreement made according to procedure set out in this clause covers disputes of members of the legal entity and the legal entity itself, in which the other party participates, only where that other party has expressly agreed with the obligatory nature of that arbitration agreement. The arbitration agreement may not be made by means of its inclusion into the charter of a joint-stock company with number of stockholders-possessors of at least one thousand voting stocks nor into the charter of a public joint-stock company. The seat of arbitration for resolution of disputes indicated by this clause shall be the Russian Federation.

8. In the course of interpretation of an arbitration agreement, any doubt is to be interpreted in favour of the clause's validity and enforceability.

9. Unless otherwise agreed by the parties, arbitration agreement arising from and in connection with the contract shall cover any transactions entered into by the parties and be aimed at discharge, alteration or termination of the said contract.

10. In case of substitution of a party to an obligation, in respect of which an arbitration agreement is made, the arbitration agreement is valid for both the former and new creditor, as well as for the former and the new debtor.

11. An arbitration clause contained in the contract shall apply to any disputes connected with its conclusion, beginning, amendments, termination and validity, including restitution under the invalid or non-concluded contract, unless otherwise agreed in the arbitration agreement.

12. The arbitration rules referred to by an arbitration agreement form an integral part of the arbitration agreement. Provisions, which, according to this Law, may solely be agreed based on explicit agreement of the parties, may not be included into the rules of a permanent arbitration institution.

Article 8. Arbitration agreement and bringing of substantive claim before court

1. A court before which an action is brought in a matter which is the subject of an arbitration agreement shall, if a party so requests not later than when submitting his first statement on the substance of the dispute, leave claim without consideration unless it finds that the agreement is null and void, inoperative or incapable of being performed.

2. Where an action referred to in clause 1 of this article has been brought, arbitral proceedings may nevertheless be commenced or continued, and an award may be made.

Article 9. Arbitration agreement and interim measures by court

It is not incompatible with an arbitration agreement for a party to request, before or during arbitral proceedings, from a court an interim measure of protection and for a court to grant such measure.

Chapter 3. COMPOSITION OF ARBITRAL TRIBUNAL

Article 10. Number of arbitrators

1. The parties are free to determine the number of arbitrators, whereas, unless otherwise specified in the federal law, the number of arbitrators must be uneven.

2. Failing such determination, the number of arbitrators shall be three.

Article 11. Appointment of arbitrators

1. No person shall be precluded by reason of his nationality from acting as an arbitrator, unless otherwise agreed by the parties. The parties are free to agree on setting additional requirements for arbitrators, including requirements to their qualification, or resolution of a dispute by a specific arbitrator or certain arbitrators.

2. The parties are free to agree on a procedure of appointing the arbitrator or arbitrators, subject to the provisions of clauses 4-11 of this article.

3. Failing agreement referred to in clause 2 of this article,

1) in an arbitration with three arbitrators, each party shall appoint one arbitrator, and the two arbitrators thus appointed shall appoint the third arbitrator. If a party fails to appoint the arbitrator within one month of receipt of a request to do so from the other party, or if the two arbitrators fail to agree on the third arbitrator within one month of their appointment, the appointment shall be made, upon request of a party, by the competent court;

2) in an arbitration with a sole arbitrator, if the parties are unable to agree on the arbitrator, he shall be appointed, upon request of a party, by the competent court.

4. Where, under an election (an appointment) procedure agreed upon by the parties, a party fails to act as required under such procedure, or the parties, or two arbitrators, are unable to reach an agreement expected of them under such procedure, or a third party, including a permanent arbitration institution, fails to perform according to the arbitration rules any function entrusted to it under such

procedure, any party may request the competent court to take the necessary measure with due regard of the procedure for election (the appointment) agreed by the parties, unless the agreement on the election (the appointment) procedure provides other means for securing the appointment. The parties, which agreement sets out administering of arbitration by a permanent arbitration institution, may by virtue of their explicit agreement exclude a possibility of recourse on this issue to the court (and where the parties have excluded by their explicit agreement this possibility, in the said cases arbitration shall be stayed and the dispute may be referred for resolution by a competent court).

5. The competent court, in appointing an arbitrator, shall have due regard to any qualifications required of the arbitrator by the agreement of the parties and to such considerations as are likely to secure the appointment of an independent and impartial arbitrator.

6. Unless otherwise agreed by the parties, the arbitrator, who resolves a dispute sitting alone (in the case of collegial dispute resolution, while meeting the requirements of clause 7 of this article, the presiding arbitrator of the arbitral tribunal) shall corrresond with one of the following requirements:

1) to have a law school degree confirmed by the diploma of a standard form issued in the territory of the Russian Federation;

2) to have a law school degree confirmed by the documents of foreign states recognized in the territory of the Russian Federation.

7. In the case of collegial dispute resolution, the parties to arbitration may agree that the presiding arbitrator of the arbitral tribunal may not correspond to requirements set out in clause 6 if this article provided for an arbitrator corresponding to the said requirements is a member of the arbitral tribunal.

8. The arbitrator may not be an individual, who has not reached the age of twenty five years, who is incapale or whose capability is restricted.

9. The arbitrator may not be an individual, who has unexpunged or outstanding conviction.

10. The arbitrator may not be an individual, who is disqualified as judge, advocate, public notary, investigator, procecutor or other employee of law enforcement body in the Russian Federation according to procedure set out in the federal law for commission of an offence inconsistent with its professional activities.

11. The arbitrator may not be an individual, who, according to its status set out in the federal law may not be elected (appointed) as arbitrator.

Article 12. Grounds for challenge of arbitrator

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

appointment and throughout the arbitral proceedings, shall without delay disclose any such circumstances to the parties unless they have already been informed of them by him.

2. An arbitrator may be challenged only if circumstances exist that give rise to justifiable doubts as to his impartiality or independence, or if he does not possess qualifications set out by the federal law or agreed to by the parties. A party may challenge an arbitrator elected (appointed) by him, or in whose election (appointment) he has participated, only for reasons of which he becomes aware after the election (appointment) has been made.

Article 13. Challenge procedure

1. The parties are free to agree on a procedure for challenging an arbitrator, subject to the provisions of clause 3 of this article.

2. Failing an agreement mentioned in clause 1 of this article, a party who intends to challenge an arbitrator shall, within fifteen days after becoming aware of the constitution of the arbitral tribunal or after becoming aware of any circumstance referred to in clause 2 of article 12 of this Federal Law, send a written statement of the reasons for the challenge to the arbitral tribunal. Unless the challenged arbitrator withdraws from his office or the other party agrees to the challenge, the arbitral tribunal shall decide on the challenge.

3. If a challenge under any procedure agreed upon by the parties or under the procedure of clause 2 of this article is not successful, the challenging party may request, within one month after having received notice of the decision rejecting the challenge, the competent court to decide on the challenge. The parties, which agreement sets out administering of arbitration by a permanent arbitration institution, may by virtue of their explicit agreement exclude a possibility of recourse on this issue to the court. While such a request is pending, the arbitral tribunal, including the challenged arbitrator, may continue the arbitral proceedings and make an award.

Article 14. Termination of the mandate of arbitrator

1. If an arbitrator becomes *de jure* or *de facto* unable to perform his functions or fails to act in resolution of a dispute without undue delay, his mandate terminates if he withdraws from his office or if the parties agree on the termination. In other cases where the arbitrator does not withdraw from his office or if the parties do not agree on his mandate's termination for one of those reasons, any party may bring an application for resolving an issue on termination of the mandate of the arbitrator to the competent court. The parties, which agreement sets out administering of arbitration by a permanent arbitration institution, may by virtue of their explicit agreement exclude this possibility or agree on other method for termination of the mandate or substitution of the arbitrator.

2. If, under this article or clause 2 of article 13 of this Federal Law, an arbitrator withdraws from his office or a party agrees to the termination of the mandate of an arbitrator, this does not imply

acceptance of the validity of any ground referred to in this article or clause 2 of article 12 of this Federal Law.

Article 15. Appointment of substitute arbitrator

Where the mandate of an arbitrator terminates under article 13 or 14 of this Federal Law or because of his withdrawal from office for any other reason or because of the revocation of his mandate by agreement of the parties or in any other case of termination of his mandate, a substitute arbitrator shall be appointed according to the rules that were applicable to the appointment of the arbitrator being replaced.

CHAPTER 4. JURISDICTION OF ARBITRAL TRIBUNAL

Article 16. Competence of arbitral tribunal to rule on its jurisdiction

1. The arbitral tribunal may rule on its own jurisdiction, including any objections with respect to the existence or validity of the arbitration agreement. For that purpose, an arbitration clause which forms part of a contract shall be deemed an agreement independent of the other terms of the contract. A decision by the arbitral tribunal that the contract is null and void shall not entail *ipso jure* the invalidity of the arbitration clause.

2. A plea that the arbitral tribunal does not have jurisdiction shall be raised not later than the submission of the statement of defence. A party is not precluded from raising such a plea by the fact that he has appointed, or participated in the appointment of, an arbitrator. A plea that the arbitral tribunal is exceeding the scope of its authority shall be raised as soon as the matter alleged to be beyond the scope of its authority is raised during the arbitral proceedings. The arbitral tribunal may, in either case, admit a later plea if it considers the delay justified.

3. The arbitral tribunal may rule on a plea referred to in clause 2 of this article either as a preliminary question or in an award on the merits. If the arbitral tribunal rules as a preliminary question that it has jurisdiction, any party may request, within one month after having received notice of that ruling, the competent court to decide the matter on missing competence of the arbitral tribunal. The parties, which agreement sets out administering of arbitration by a permanent arbitration institution, may by virtue of their explicit agreement exclude a possibility of recourse on this issue to the court. While such a request is pending, the arbitral tribunal may continue the arbitral proceedings and make an award.

Article 17. Power of of arbitral tribunal to order interim measures

1. Unless otherwise agreed by the parties, the arbitral tribunal may, at the request of a party, grant interim measures, which the court considers necessary. The arbitral tribunal may request from any party to file proper security in connection with those measures. Orders and other procedural acts of the arbitral tribunal for granting interim measures shall be performed by the parties.

2. The agreement of the parties may also envisage that before arbitral tribunal is formed a permanent arbitration institution may dispose of granting interim measures to any party, which it considers necessary. Clause 1 applies to those internim measures in full as if they have been granted by the arbitral tribunal.

CHAPTER 5. CONDUCT OF ARBITRAL PROCEEDINGS

Article 18. Principles of arbitration

Arbitration proceedings are conducted based on principles of impartiality and independence of arbitrators, adversarial principle and equality of parties.

Article 19. Determination of rules of procedure

1. Subject to the provisions of this Federal Law, the parties are free to agree on the arbitration procedure to be followed in conducting the proceedings.

2. Failing such agreement determined in clause 1 of this article, the arbitral tribunal may, subject to the provisions of this Federal Law, conduct the arbitration in such manner as it considers appropriate, including regarding the power to determine the admissibility, relevance, materiality and weight of any evidence.

Article 20. Place of arbitration

1. The parties are free to agree on the place of arbitration or procedure for its determination. Failing such agreement, the place of arbitration shall be determined by the arbitral tribunal having regard to the circumstances of the case and the convenience of the parties.

2. The arbitral tribunal may, unless otherwise agreed by the parties, meet at any place it considers appropriate for consultation among its members, for hearing witnesses, experts or the parties, or for inspection of goods, other property or documents.

Article 21. Confidentiality of arbitration

1. Unless otherwise agreed by the parties or set out in the federal law, arbitration is confidential and the hearing of the case is arranged in private.

2. The arbitrators, the employees of a permanent arbitration institution are not entitled to disclose data, which have come to their notice in the course of arbitration, without consent of the parties.

3. The arbitrator is not subject to examination as a witness about data, which have come to his notice in the course of arbitration.

Article 22. Composition and allocation of fees associated with dispute resolution in arbitration

1. Unless otherwise agreed by the parties, costs associated with arbitration dispute resolution include:

1) fees of the arbitrators;

2) expences incurred by the arbitrators in connection with participation in arbitration, among others expenses for travelling to place of arbitration proceedings;

3) amounts, which are subject to payment to experts and translators;

4) expences incurred by the arbitrators in connection with inspection and analysis of written and material evidence at their location;

5) expences incurred by fact witnesses;

6) expences for payment of the services of the representative (the representatives) of the parties;

7) expences for organizational, material and other support of arbitration;

8) other expences determined by the arbitral tribunal.

2. In arbitration administered by the permanent arbitration institution, the arbitral tribunal or the permanent arbitration institution (as defined by the rules of the permanent arbitration institution), it shall be determined which of the said costs should be directly paid by the parties and which via the permanent arbitration institution (*inter alia,* as arbitration fee envisaged by the rules of the permanent arbitration institution).

3. In arbitration administered by the permanent arbitration institution, amount of the arbitrator's fee shall be determined by the rules of the permanent arbitration institution. On proceeding arbitration by an *ad hoc* arbitration court appointed by the parties, amount of the fee shall ne determined keeping in mind clause 4 of this Article.

4. In arbitration proceeded by the *ad hoc* arbitration court appointed by the parties, amount of the arbitrator's fee shall be determined based on the parties' agreement and missing such agreement by the arbitral tribunal keeping in mind the dispute amount, complexity of the dispute, time spent by the arbitrators for proceedings arbitration and any other relevant circumstances.

5. Allocation of costs connected with a dispute resolution before arbitration court, between the parties shall be effectuated by the arbitration court in accordance with the parties' agreement and missing such an agreement in proportion to the amount of the granted and dismissed claims.

6. On the request of a party, in favour of which the award is rendered, the arbitration court shall be authorized to charge expences for payment of the representative (represenetatives) of this party and its other arbitration-related expences on the other party.

7. Allocation of costs connected with a dispute resolution shall be indicated in an award of an order of arbitration court.

Article 23. Commencement of arbitral proceedings

Unless otherwise agreed by the parties, the arbitral proceedings in respect of a particular dispute commence on the date on which a statement of claim is received by the respondent.

Article 24. Language

1. The parties are free to agree on the language or languages to be used in the arbitration. Failing such agreement, the arbitration shall be proceeded in the Russian language. This agreement, unless otherwise specified therein, shall apply to any written statement by a party, any hearing and any award, decision or other communication by the arbitral tribunal.

2. The arbitral tribunal may order that any documentary evidence shall be accompanied by a translation into the language or languages agreed upon by the parties or determined by the arbitral tribunal.

Article 25. Statements of claim and defence

1. Unless otherwise agreed by the parties, the claimant shall state his claims in a statement of claim, which, in writing, is to be delivered to the respondent and (if applicable) to a permanent arbitration institution.

2. Unless otherwise agreed by the parties, the statement of claim shall state:

1) date of statement of claim;

2) company name (surname, name and (if available) patronic name) and place of location (residence) of the parties to arbitration;

3) justification of the arbitral tribunal;

4) relief sought by the claimant;

5) the facts supporting the claim;

6) the proof supporting points at issue;

7) amount in dispute;

8) list of documents and other materials attached to the statement of claim;

3. The statement of claim shall be signed by the claimant or its representative. Where statement of claim is signed by the claimant's representative, the Power of Attorney or other document confirming authorities of the representative shall be attached to the statement of claim.

4. The respondent is entitled to deliver the claimant and (if applicable) the arbitral tribunal (among others, via the permanent arbitration institution) statement of defence, in which he states his reply against statement of claim, according to procedure and within time limits set out in the arbitration rules.

5. Where no time limit for delivery of statement of defence is determined by the arbitration rules or the arbitral tribunal, this statement is to be delivered before the first hearing of the arbitral tribunal.

6. Unless otherwise agreed by the parties, either party may amend or supplement his claim or defence or produce additional evidence during the course of the arbitral proceedings, unless the arbitral tribunal considers it inappropriate to allow such amendment or additional evidence having regard to the delay in making it.

7. Unless otherwise agreed by the parties, the respondent may file a counter-statement of claim against the claimant provided for there is a mutual link between the counter claims and the claim of the claimant, as well as provided for considering of the counter-claim of statement is covered by the arbitration agreement and is consistent with its terms. The counter-statement of claim may be filed in the course of arbitration before rendering of arbitral award, unless the parties have agreed a time limit for filing the counter-statement of claim.

8. The counter-statement of claim shall comply with requirements of clause 2 of this article, unless otherwise agreed by the parties.

9. The claimant may file its reply against the counter-statement of claim in compliance with the procedure and time limits set out by the parties agreement (if any).

10. Unless otherwise agreed by the parties, they are entitled according to civil law of the Russian Federation claim for set-off of their counter claims of the same kind, which are pending before the arbitral tribunal, subject to clauses 7-9 of this article.

Article 26. Delivery of the proof

Any party shall prove the circumstances, to which it is referring as supporting points at issue in their claims and defences. The arbitral tribunal is entitled, if it considers the presented proof as insufficient, to offer parties to produce additional evidence.

Article 27. Hearings and written proceedings

1. Subject to any contrary agreement by the parties, the arbitral tribunal shall decide whether to hold oral hearings for the presentation of evidence or for oral argument, or whether the proceedings shall be conducted on the basis of documents and other materials. However, the arbitral tribunal shall hold such hearings at an appropriate stage of the proceedings, if so requested by a party, unless the parties have agreed that no hearings shall be held.

2. The parties shall be given sufficient advance notice of any hearing of the arbitral tribunal for the purposes of inspection of goods, other property or documents.

3. All statements, documents or other information supplied to the arbitral tribunal by one party shall be communicated to the other party. Also any expert report or evidentiary document on which the arbitral tribunal may rely in making its decision shall be communicated to the parties.

4. Based on agreement of the parties, a hearing of the arbitral tribunal may be held by means of video conference.

5. Unless otherwise agreed by the parties, a record should be kept in the course of the hearing.

Article 28. Failing of a party to submit documents or to appear

1. Unless otherwise agreed by the parties, if, without showing sufficient cause, any party fails to communicate its submissions or other materials or any party or its representative duly notified of the time and place of a hearing of the arbitral tribunal fails to appear at the hearing, the arbitral tribunal may continue the proceedings and render the award.

2. Unless otherwise agreed by the parties, failure of the respondent to communicate his statement of defence may not be deemed as an admission of the claimant’s allegations.

Article 29. Expert appointed by arbitral tribunal

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

1) may appoint one or more experts to report to it on specific issues requiring expertise;

2) may require a party to give the expert any relevant information or to produce, or to provide access to, any relevant documents, goods or other property for his inspection.

2. Unless otherwise agreed by the parties, the expert's candidate, as well as issues, which should be clarified in the course of production of expert evidence, shall be determined by the arbitral tribunal with due consideration of the opinion of the parties.

3. Unless otherwise agreed by the parties, if a party so requests or if the arbitral tribunal considers it necessary, the expert shall, after delivery of his written or oral report, participate in a hearing where the parties have the opportunity to put questions to him in connection with production of expert evidence and delivered expert report.

Article 30. Court assistance in taking evidence

The arbitral tribunal, within the frames of arbitration administered by a permanent arbitration institution, or a party with the approval of the arbitral tribunal may request from a competent court assistance in taking evidence. The competent court may execute the request according to procedure and on the grounds set out by the procedure rules of the Russian Federation.

CHAPTER 6. MAKING OF AWARD AND TERMINATION OF PROCEEDINGS

Article 31. Rules applicable to substance of dispute

1. The arbitral tribunal shall decide the dispute in accordance with the rules of the Russian laws and, where, in accordance with the Russian laws, the parties may choose foreign law to govern their relationships, in accordance with such rules of law as are chosen by the parties as applicable to the substance of the dispute, and, where they fail to choose such law, in accordance with the rules of substantive law, which the arbitral tribunal has determined in accordance with the conflict of law rules, which it sees as applicable. Any designation of the law or legal system of a given State shall be construed as directly referring to the substantive law of that State and not to its conflict of laws rules.

2. The arbitral tribunal shall decide in accordance with the terms of the contract and shall take into account the applicable usages.

Article 32. Decision-making by panel of arbitrators

After investigation of the circumstamces of the case, the arbitral tribunal shall render an arbitral award. In arbitral proceedings with more than one arbitrator, any decision of the arbitral tribunal shall be made, unless otherwise agreed by the parties, by a majority of all its members. However, questions of

procedure may be decided by a presiding arbitrator, if so authorized by the parties or all members of the arbitral tribunal.

Article 33. Settlement

1. If, during arbitral proceedings, the parties settle the dispute, the arbitral tribunal shall terminate the arbitration proceedings and, if requested by the parties, render an arbitral award on agreed terms.

2. An award on agreed terms shall be made in accordance with the provisions of article 34 of this Federal Law and shall state that it is an award. Such an award has the same status and effect as any other award on the merits of the case.

Article 34. Form and contents of award

1. The award shall be made in writing and shall be signed by the arbitrator or arbitrators, including an arbitrator, who has a dissent opinion. The dissent opinion shall be attached to the award. In arbitral proceedings with more than one arbitrator, the signatures of the majority of all members of the arbitral tribunal shall suffice, provided that the reason for any omitted signature is stated.

2. Unless otherwise agreed by the parties, the award shall state:

1) date of approval of the award;

2) place of arbitration;

3) composition of the arbitral tribunal and procedure of its appointment;

4) name (surname, name and (if any) patronymic name) and location (residence address) of the parties to arbitration;

5) legal reasoning of the competence of the arbitral tribunal;

6) relief sought by the claimant and defence of the respeondent, motions of the parties;

7) the circumstances of the dispute determined by the arbitral tribunal, the proof upon which the conclusions of the arbitral tribunals about these circumstances are based, and legal rules, which the arbitral tribunal has applied upon rendering the award;

8) resolutive part of the award, which contains conclusions of the arbitral tribunal on satisfaction or denial of each claim of the relief sought. The resolutive part of the award shall state amount of fees connected with the dispute resolution by the arbitral tribunal, their allocation

among the parties, and (if necessary) time limit and procedure for performance of the rendered award.

3. After the award is made, a copy signed by the arbitrators in accordance with clause 1 of this article shall be delivered to each party.

Article 35. Order of arbitral tribunal

The arbitral tribunal shall render an order as to issues not belonging to the merits of the case.

Article 36. Termination of proceedings

1. The arbitral proceedings are terminated by the final award or by an order of the arbitral tribunal in accordance with clause 2 of this article, as well as in case set out in clause 4 of article 11 of this Federal Law.

2. The arbitral tribunal shall issue an order for the termination of the arbitral proceedings when:

1) the claimant withdraws his claim, unless the respondent objects thereto and the arbitral tribunal recognizes a legitimate interest on his part in obtaining a final settlement of the dispute;

2) the parties agree on the termination of the proceedings;

3) the arbitral tribunal finds that the continuation of the proceedings has for any other reason become unnecessary or impossible, among others in the case when there is an judgment of the general court or the commercial [Arbitrazh] court or an award of the arbitratl tribunal, which has come into legal force, is adopted under the dispute between the same parties, with the same subject matter and on the same grounds.

3. After the order is made, a copy signed by the arbitrators in accordance with clause 1 of article 34 of this Federal Law shall be delivered (transmitted) to each party.

4. The authorities of the arbitral tribunal terminate with the termination of the arbitral proceedings, subject to the provisions of article 37 of this Federal Law.

Article 37. Correction and interpretation of award. Additional award. Rehearing

1. Within thirty days of receipt of the award, unless another period of time has been agreed upon by the parties:

1) a party, with notice to the other party, may request the arbitral tribunal to correct in the award any errors in computation, any clerical or typographical errors or any errors of similar nature;

2) if so agreed by the parties, a party, with notice to the other party, may request the arbitral tribunal to give an interpretation of a specific point or part of the award.

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

3. The arbitral tribunal may correct any error of the type referred to in paragraph 1 of clause 1 of this article on its own initiative within thirty days of the date of the award.

4. Unless otherwise agreed by the parties, a party, with notice to the other party, may request, within thirty days of receipt of the award, the arbitral tribunal to make an additional award as to claims presented in the arbitral proceedings but omitted from the award. If the arbitral tribunal considers the request to be justified, it shall make the additional award within sixty days upon its obtaining.

5. The arbitral tribunal may extend, if necessary, the period of time within which it shall make a correction, interpretation or an additional award under clause 2 or 4 of this article.

6. Where the competent court reviewing an application for setting aside an award or enforcement of the award suspends proceedings of the case in order that an arbitral tribunal resumes arbitral proceedings and eliminates grounds for setting aside and refusal in enforcement of the award, the arbitral tribunal may resume the arbitration proceedings upon request of any party filed within the time period of suspension of the case by the competent court.

7. The provisions of article 34 shall apply to a correction or interpretation of the award or to an additional award, as well as an additional award approved according to procedure set out in clause 6 of this article.

Article 38. Binding nature of the arbitral award

The parties, which have entered into an arbitration agreement, shall be obliged to voluntarily perform the arbitral award. The parties and the arbitral tribunal shall do their best endeavours to do the arbitral award legally enforceable.

Article 39. Storage of awards, orders on termination of proceedings and arbitration case materials

1. Within a month after termination of proceedings, award or order on termination of proceedings, together with all materials of the case available at the disposal of the arbitral tribunal, shall be transmitted by a sole arbitrator or a presiding arbitrator for storage to the permanent arbitration

institution administering the dispute and, where the case is considered by an *ad hoc* arbitral tribunal, to the permanent arbitration institution, which is agreed by the parties for the purposes of storage of the said douments and materials, and failing such an agreement to the court competent to hear an application for issue of execution writ for enforcement of the award rendered in the course of the respecive arbitration. The permanent arbitration institution, which performs storage of the award, the order of termination of proceedings and arbitration case materials, is obliged, upon request of the competent court, to deliver to the latter that award, order of termination of proceedings and arbitration case materials within time limits set out in the request.

2. Unless a longer period is determined by rules of the permanent arbitration institution, the award, the order of termination of proceedings and arbitration case materials shall be stored by the permanent arbitration institution or the competent court in cases envisaged by clause 1 of this article within five years after the date of termination of the proceedings.

3. Where a permanent arbitration institution storing the award, the order of termination of proceedings and arbitration case materials pursuant to the provisions of this artricle is liquidated before expiry of five years after the date of termination of proceedings, those award, order of termination of proceedings and arbitration case materials shall be transmitted for storage to the competent court indicated in clause 1 of this article within the general time limit set out for their storage by clause 2 of this article.

CHAPTER 7. RECOURSE AGAINST AWARD

Article 40. Procedure for challenge of arbitral award

The parties, which agreement sets out administering of arbitration by a permanent arbitration institution, may by virtue of their explicit agreement determine that the arbitral award is final for the parties. The final arbitral award is not subject to recourse. Where the arbitration agreement does not envisage that the arbitral award is final, this award may be set aside for grounds specified in procedure rules of the Russian Federation.

CHAPTER 8. ENFORCEMENT OF AN ARBITRAL AWARD

Article 41. Enforcement of an arbitral award

1. An arbitral award shall be recognized as binding and shall be promptly performed by the parties, unless the other time limit for per its performance is set out therein. An arbitral award, upon the party's application in writing to the competent court, shall be enforced by means of issue of execution writ in accordance with this Federal Law and provisions of the procedure rules of the Russian Federation.

2. In cases envisaged in the federal law, the parties, which agreement sets out administering of arbitration by a permanent arbitration institution, may by virtue of their explicit agreement determine

that considering of the application for issue of execution writ for enforcement of arbitral award and other procedural acts of the arbitral tribunal adopted under the disputes in the frames of the special administrative district, shall be completed within fourteen days period and wirhout holding hearing. The party shall be entitled to file its rejections against such an application within seven days period after receipt of the application by the *Arbitrazh* court.

Article 42. Grounds for refusing enforcement of the arbitral award

Enforcement of an arbitral award by means of issue of execution writ may be refused only for grounds set out in the procedure rules of the Russian Federation.

Article 43. Insertion of amendments to the legally relevant registers

No arbitral award, including arbitral award not requiring enforcement, may not serve a ground for insertion record into the state register (such as the unified state register of legal entities, the unified state register of sole traders, the unified state register of rights in immovanle property and transactions therewith), the register of holders of registered securities or other register in the Russian Federation, insertion of records into which entails arising of, amendment to or termination of rights and obligations, in the absence of execution writ issued on the basis of a judgment of the competent court (among others, with relation to the arbitral award not requiring enforcement).

CHAPTER 9. FORMATION AND ACTIVITIES OF PERMANENT ARBITRATION INSTITUTIONS IN THE RUSSIAN FEDERATION

Article 44. Formation of permanent arbitration institutions in the Russian Federation and their activities

1. In the Russian Federation, the permanent arbitration institutions shall be formed as sub-divisions of non-profit organizations. The permanent arbitration institution shall be authorized to conduct its ativities upon obtaining by the non-profit organization, which sub-division it is formed, of a right to perform functions of the permanent arbitration institution to be granted by the act of the Government of the Russian Federation pursuant to this Article. The International Commercial Arbitration Court and the Maritime Arbitration Commission at the Chamber of Commerce and Industry of the Russian Federation shall perform functions of the permanent arbitration institution without necessity of granting a right to perform functions of the permanent arbitration institution by the Government of the Russian Federation.

2. Formation of permanent arbitration institutions by federal authorities of state power, authorities of state power of regions of the Russian Federation, municipal authorities, state and municipal institutions, state-owned corporations, state-owned companies, political parties and religious organizations, as well as advocates companies, advocates chambers of the regions of the Russian

Fedeartion, notary chambers and the Federal notary chamber is not permitted. A permanent arbitration insitution shall not be formed as a subdivision of two or more non-profit organizations.

3. For the purposes of this Federal Law, foreign arbitration institutions shall be recongnized as permanent arbitration institutitons provided for they have been granted a right to perform functions of the permanent arbitration institution pursuant to this Article. For the purposes of this Federal Law, awards rendered by an arbitral tribunal in the Russian Federation on administering by foreign arbitration institutions which are not recognized acting arbitration institutions pursuant to this Federal Law, are deemed in the Russian Federation as arbitral awards rendered by an ad hoc arbitration court.

4. A right to perform functions of the permanent arbitration institution pursuant to this Federal Law shall be granted by the act of Government of the Russian Federation to be adopted according to procedure set out by it and based on recommendation of the Counsil for Development of Arbitration Proceedings.

5. The Counsil for Development of Arbitration Proceedings shall be formed as a part of the authorized federal authority of administrative power, which approves its members. The said Counsil's members may consist of representatives of the authorities of state power, the all-Russian association of traders, chambers of commerce and industry, representatives of legal, academic and commercial communities, and other individuals. Public employees and civil officers may not compose more than a third of the Counsil for Development of Arbitration Proceedings. The authorized federal authority of the administrative power shall approve procedure for formation and activities of the Counsil for Development of Arbitration Proceedings, a list of documents required for considering by the said Counsil of issue of recommendation to grant a right to perform functions of the permanent arbitration institution and procedure for their review.

6. The Counsil for Development of Arbitration Proceedings shall prepare recommendations for granting or refusal of granting to a non-profit organization, which sub-division the permanent arbitration institution is formed, a right to perform functions of the permanent arbitration institution based on analysis of meeting of requirements set out in clauses 8 and 12 of this Article, as well as perform other functions pursuant to this Federal Act and procedure for formation and activities of the Counsil for Development of Arbitration Proceedings.

7. The Counsil for Development of Arbitration Proceedings shall be authorized to inquire from non-profit organizations, which sub-divisions the permanent arbitration institutions are formed, the authorities of state power and municipal authorities, other organizations documents and data, among others containing personal data, required for review of meeting of requirements set out in clauses 8 and 12 of this Article.

8. A non-profit organization, which sub-division the permanent arbitration institution is formed, shall be granted a right to perform functions of the permanent arbitration or refused granting this right based on analysis of meeting of the following requirements:

1) consistency of the presented rules of the permanent arbitration institution with the requirements of this Federal Law;

2) availability of the recommended list of arbitrators of the permanent arbitration institution consistent with the requirements of this Federal Law;

3) accuracy of presented information on the non-profit organization, which sub-division the permanent arbitration institution is formed, and its founders (members);

4) reputation of the non-profit organization, which sub-division the permanent arbitration institution is formed, scale and nature of its activities considering composition of its founders (members) will allow enable high level of organization of activities of the permanent arbitration institution, among others as for financial support of formation and activities of the respective institution, performing by the said organization of activities directed to development of arbitration in the Russian Federation.

9. Any additional requirements except for requirements set out in clause 8 of this Article are not allowed.

10. Refusal of granting a right to perform functions of the permanent arbitration to a non-profit organization may be challenged with a court.

11. In approving a decision on granting a right to perform functions of the permanent arbitration-successor, the activities of the predecessing institution is also considered till the date of entry of this Federal Law into force, as well as amount of the resolved cases, including amount of awards rendered by it on administering the cases which have been annulled by the court or under which the court refused to issue an execution writ.

12. A foreign arbitration institution is granted a right to perform functions of the permanent arbitration in the Russian Federation if this institution has a well-regarded international reputation. Meeting of requirements set out in Article 8 is not subject to analysis on granting a right to perform functions of the permanent arbitration institution to a foreign arbitration institution.

13. Permanent arbitration institution may conduct activities of administering arbitration provided for a non-profit organization, by which it is formed, has been granted a right to perform functions of the permanent arbitration (except for cases set out in this Federal Law) after obtaining by the competent federal authority of executive power of notice in writing from the permanent arbitration institution on placement of the arbitration rules publicized online on its website via data telecommunications network Internet. Provedure for delivery of such a notice shall be approved by the competent federal authority of executive power.

14. After the non-profit organization, by which the permanent arbitration institution is formed, is granted a right to perform functions of the permanent arbitration institution, its administering of disputes is allowed based only on the rules of the permanent arbitration institution, which have been filed in the course of procedure of granting a right to perform functions of the permanent arbitration institution and deposited with the competent federal authority of executive power. Inclusion of amendments to the rules of the permanent arbitration institution and approval of supplementary rules of the permanent arbitration institution are permitted provided for the amended or supplementary rules of the

permanent arbitration institution are obligatorily deposited with the competent federal authority of executive power.

15. The amended or supplementary rules of the permanent arbitration institution shall be valied as of the date of their depositing with the competent federal authority of executive power provided for the permanent arbitration institution has placed them on its website via data telecommunications network Internet according to procedure set out in this Federal Law.

16. Procedure for depositing of rules of the permanent arbitration institution with the competent federal authority of executive power shall be established by the Government of the Russian Federation.

17. The permanent arbitration institution is entitled to only conduct those kinds of activities of administering arbitration (provided for those kinds of activities have been specified in the rules of the permanent arbitration institution):

1) administering of international commercial arbitration;

2) administering of arbitration of domestic disputes;

3) performing of separate functions of administering arbitration, such as functions of appointment of arbitrators, resolving issues of their disqualification and withdrawal as arbitrators, where arbitration is conducted by an ad hoc arbitration court, without a general administering of a dispute.

19. By virtue of their agreement, the parties may assign separate functions of administering arbitration, such as functions of appointment of arbitrators, resolving issues of their disqualification and withdrawal as arbitrators, where arbitration is conducted by an ad hoc arbitration court, the permanent arbitration institution, which arbitration rules covers those kinds of activities. Performing of the said separate functions of administering arbitration by the permanent arbitration institution, whereas arbitration is conducted by an ad hoc arbitration court, shall not entail recognition of such arbitration in general as to be administered by the said institution.

20. Performing of separate functions of administering arbitration, among others functions of appointment of arbitrators, resolving issues of their disqualification and withdrawal as arbitrators, where arbitration is conducted by an *ad hoc* arbitration court, by an organization, which has not been granted a right to perform functions of the permanent arbitration, is prohibited.

21. Formation of the permanent arbitration institutions in the Russian Federation, which names include the combination of words “arbitration (*Arbitrazh*) court” [*arbitrazhnyi sud*] and “arbitration court” [*treteyskiy sud*], where the full name of the institution is confusingly similar to the names of the courts of the Russian Federation or able to otherwise mislead parties to business transactions about legal nature and authorities of the permanent arbitration institution, is prohibited. Name of the permanent arbitration institution shall specify the full or short names of the non-profit organization, by which it is formed.

22. Non-profit organizations shall be obliged to ensure that the permanent arbitration institutions formed by it follow requirements set out in this Federal Law.

Article 45. Arbitration rules and rules for performing functions in connection with administering arbitration

1. The permanent arbitration institution shall conduct its activities in compliance with arbitration rules placed on the permanent arbitration institution website via data telecommunications network Internet and deposited with the competent federal authority of executive power.

2. The permanent arbitration institution shall be authrozed to have more than one set of arbitration rules, including the international commercial arbitration rules, the rules of arbitraton of domestic disputes, the expedited arbitration rules, the arbitration rules for specific kinds of disputes, and corporate law arbitration disputes. Where the permanent arbitration institution has more than one arbitration rules:

1) clauses 4-7 and 9 of this Article shall equally apply to every set of arbitration rules;

2) unless otherwise agreed by the parties in an arbitration agreement and where the parties referred to the rules of the permanent arbitration institution without their specifying or to administering of a dispute by it, the most applicable of the permanent arbitration institution shall apply to administering of their dispute to be determined by the arbitral tribunal and before its appointment by the permanent arbitration institution, unless use of the other rules was agreed. Provisions of clause 12 of Article 7 of the Federal Law shall apply to such applicable rules;

3) where, after making of arbitration agreement by the parties, amendments are included into the rules of the permanent arbitration institution or the new rules are approved, the version of the rules valid as of the date of commencement of arbitration proceedings shall apply, unless otherwise agreed by the parties in the arbitration agreement or determined on insertion of the new rules or follows from nature of provisions of the new rules.

3. The rules of the permanent arbitration institution shall be approved by the competent bodies of non-profit organization, by which the permanent arbitration institution is formed.

4. The rules of the permanent arbitration institution shall specify the following provisions:

1) reference to this Federal Law and/or the Law of the Russian Federation of 07 July 1993 No. 5338-1 “On international commercial arbitration” as legal basis for activities of the permanent arbitration institution (whereas approval of mixed rules is also permitted, which determine that disputes may be resolved depending on their parties and other factors in accordance with this Federal Law or the Law of the Russian Federation of 07 July 1993 No. 5338-1 “On international commercial arbitration”);

2) kinds of disputes, which the permanent arbitration institution shall administer;

3) qualification and other requirements to arbitrators in the arbitration to be administered by the permanent arbitration institution;

4) organizational structure of the permanent arbitration institution, procedure for formation, authorities and functions of each of its bodies, authorities and functions of its competent persons participating in the procedure of administering of arbitration, including, where applicable, the president or other officer of the permanent arbitration institution authorized by the rules of the permanent arbitration institution to solely adopt resolutions in its name within the frames of administering of arbitration or in connection with it;

5) specific functions of the permanent arbitration institution in connection with administering arbitration, including support in formation of the members of arbitral tribunal, hearing of challenge requests, organization of correspondence and submissions' circulation, records management and storage of files of the cases, accepting funds for payment of expenses connected with administering arbitration, payment of fees to arbitrators and other expenses;

6) procedure for conducting arbitration consistent with requirements of clause 5 of this Article;

7) reference to the issues within the competence of the arbitral tribunal and to the issues within the competence of the permanent arbitration institution in the course of procedure of dispute resolution;

8) applicable rules of impartiality and independence of arbitrators, which, among others, stipulate requirements ensuring impartiality and independence of arbitrators (inter alia, by means of reference);

9) fixed amount of any kinds of arbitral fees, including arbitrator's fees, or procedure for its determination;

10) composition and procedure for allocation of arbitration expenses;

11) procedure for application of the rules of the institution-successor in relation to the arbitration agreements earlier entered into and arbitration earlier commenced, where the permanent arbitration institution is the institution-successor.

5. Procedure for conducting arbitration to be determined pursuant to the rules of the permanent arbitration institution shall specify:

1) procedure for filing of statement of claim and statement of defence;

2) procedure for filing of counter-statement of claim;

3) composition and procedure for payment of arbitration costs and theit allocation between the parties;

4) procedure of filing, directing and delivery of documents;

5) procedure for appointment of arbitral tribunal;

6) grounds and procedure for resolving requests for challenge of arbitrators;

7) grounds and procedure for withdrawal of arbitrators and substitution of arbitrators;

8) time limit of arbitration proceedings;

9) procedure for keeping hearings and/or document based proceedings;

10) grounds and procedure for stay and termination of proceedings;

11) procedure and time limits for rendering, documenting and delivery of arbitral award;

12) procedure for amendments to and construction of arbitral award and rendering of additional award; and

13) authorities of the parties and arbitral tribunal regarding determining procedure for conducting arbitration and scope of issues, in relation to which deviation from the arbitration rules, their specification by means of entering into the parties agreement and/or approval of the order of arbitral tribunal are not allowed.

6. Rules of the permanent arbitration institution may contain other issues, which do not contradict against the laws of the Russian Federation and relate to procedure of conducting arbitration, including issues of document control and correspondence with use of electronic documents to be chanellized, obtaining of such documents as a proof and keeping of hearings with use of telephone conference and video conference. Rules of the permanent arbitration institution may contain reference to that the parties are not entitled by virtue of their agreement amend to provisions of those rules, except for terms which according to this Federal Law may be agreed only based on the explicit agreement of the parties.

7. Disputes connected with formation of a legal entity in the Russian Federation, its management or participation in the legal entity may be resolved solely within the frames of arbitration to be administered by the permanent arbitration institution. The said disputes, including disputes on claims of members of legal entity in connection with legal relationships of the legal entity with a third party where the members have a right for fling such claims pursuant to the federal law, may be resolved within the frames of arbitration administered by the permanent arbitration institution in accordance with the approved, placed and deposited corporate law arbitration rules pursuant to procedure set out in this Federal Law. Disputes envisaged in clauses 2 and 6 of Article 225.1 of the Arbitrazh Procedure Code of the Russian Federation may be resolved within the frames of arbitration administered by the permanent arbitration institution without corporate law arbitration rules.

8. Corporate law arbitration rules shall specify:

1) an obligation upon a permanent arbitration institution to send a written notification of a filed statement of claim, accompanied by its copy, to a legal entity, which is subject to a corporate dispute, via address contained in the unified state register of legal entities within three days of obtaining of the statement of claim by the permanent arbitration institution;

2) an obligation upon the permanent arbitration institution to publicize online information via data telecommunications network Internet on the statement of claim within three days of obtaining of the statement of claim by the permanent arbitration institution;

3) an obligation upon the legal entity to send a written notification of the filed statement of claim, accompanied by its copy, to any legal entity's member, as well as the legal entity's securities registry, and/or depository carrying out record-keeping of rights to the registered securities of the legal entity within three days of obtaining of the statement of claim bylegal entity;

4) a right for any member to join arbitral proceeding at any point of time by filing a written application with the permanent arbitration institution, provided for the member becomes a party to (particiapant in) the arbitral proceeding starting from the (joinder) date of filing with the permanent arbitration institution, and accepts the arbitral proceeding *as it is*, without being authorized to raise any objections or challenge to procedural actions effectuated before the joinder date and, particularly, to challenge to arbitrators for grounds already discussed before the joinder of the said member to the arbitral proceeding;

5) a obligation upon the permanent arbitration institution to inform on the progress of the arbitral proceeding by delivering any legal entity's member, which has joined the proceeding according to sub-clause 4 of this clause and not explicitly waived to receive them, copies of all written pleadings, arbitral notifications, procedural orders, awards of arbitral tribunal. All other communications relating to the arbitration file shall be delivered to any legal entity's member, which has joined the proceeding, solely where the tribunal has decided that it is appropriate for the member's decision taking or its rights and legal interests' protection;

6) voluntary dismissal, confession of claim and settlement are admitted without consent of other legal entity's members joined to the proceeding according to sub-clause 4 of this clause. However, this rule should not apply, except for cases, where a member has raised a written objection within thirty days of the permanent arbitration institution's notification of the voluntary dismissal, confession of claim or settlement, and where the tribunal acknowledges the member's legitimate interest in a final award.

9. Terms of the rules of the permanent arbitration institution contradicting to provisions of this Federal Law are null and void that serves a ground for vacating of arbitral awards rendered based on such rules or refusal in their enforcement, where administering proceedings according to the rules contradicting to provisions of this Federal caused rising of grounds for refusal of the arbitral award set out in the procedure rules of the Russian Federation.

Article 46. Non-admissibility of conflict of interest on administering proceedings by the permanent arbitration institution formed in the Russian Federation

1. No conflict of interest is permitted on administering proceedings by the permanent arbitration institution.

2. For the purposes of this Federal Law conflict of interest shall be deemed administering arbitration proceedings by the permanent arbitration institution, involving, as a party to proceedings:

1) a non-profit entity, which has formed the permanent arbitral institution;

2) the founder (the member) of the non-profit entity, which has formed the permanent arbitral institution (except for non-profit entities involving more than one hundred members, or a person, which actually determines the actions of the non-profit entity, which has formed the permanent arbitral institution; and

3) a person, who is competent to resolve issues connected with appointment, disqualification and withdrawal of arbitrators, or its close relatives, or organization, in which that person has a right to directly or indirectly dispose of more than fifty per cent of votes in the supreme body of this organization or a right to appoint (elect) the sole executive body and/or more than fifty per cent of members of the collective body of this organization.

3. Other cases of conflict of interest may be envisaged by the rules of the permanent arbitration institution.

4. Provisions of clause 2 of this Article, as well as cases of conflict of interest envisaged by the rules of the permanent arbitration institution pursuant to clause 3 of this Article do not imply refusal of issue of execution writ for enforcement of the arbitral award solely based on that the party to the proceedings is a person indicated in clause 2 of this Article or other person envisaged by the rules of the permanent arbitration institution as for conflict of interest cases.

Article 47. Organization of activities of the permanent arbitration institution

1. The permanent arbitration institution shall keep the list of arbitrators recommended by it for use consisting of at least thirty individuals, provided for it has received a written consent of each candidate for his/her inclusion into the list, and publicize it online for information purposes via data telecommunications network Internet. It is prohibited to make election of arbitrators contingent on their inclusion into the list of recommended arbitrators, unless otherwise agreed by the parties. This prohibition does not apply to appointment of arbitrators by the permanent arbitration institution in accordance with the rules of permanent arbitration institution.

2. Where the rules of the permanent arbitration institution provide for administering of international commercial arbitration, the permanent arbitration institution may keep the single

recommended list of arbitrators or separate recommended lists of arbitrators for the purposes of domestic arbitration and international commercial arbitration.

3. Each recommended list of the permanent arbitration institution should include at least one third of arbitrators possessing academic degree awarded in the Russian Federation according to academic award subject included into the class-list, which is subject to approval by the competent federal authority of executive power based on recommendation of the Council for development of arbitration proceedings and at least one half of the arbitrators should possess experience of resolution of civil law disputes as arbitrators and/or neutrals of arbitration courts and/or as judges of the federal court, the constitutional (statutory) court of the region of the Russian Federation, magistrates of at least ten years preceding the date of inclusion into the recommended list of arbitrators. One individual may not be included into recommended lists of arbitrators of more than three permanent arbitration institutions.

4. Within the framework of the permanent arbitration institution, decision of all issues connected with appointment, resolution of challenges and disqualification of arbitrators shall be conducted by collective appointment committee, unless otherwise determined by the rules of the permanent arbitration institution. Where, according to the rules of the permanent arbitration institution, decision of issues connected with resolution of challenges and disqualification of arbitrators is attributed to competence of an authorized person of the permanent arbitration institution, which shall apopt the decision at his/her own sole discretion, the rules of the permanent arbitration institution shall provide for a right of parties to appeal the decision of such sole body with an appointment committee.

5. At least two thirds of the structure of the appointment committee is compiled by voting of individuals included into the recommended list of arbitrators of the permanent arbitration institution. The decision shall be adopted by a simple majority of votes of the total number of individuals included into the said list. The rules of the permanent arbitration institution may provide for other procedure for formation of one third of the appointment committee. Individuals, which do not correspond to requirements of clause 6 of Article 11 of this Federal Law, shall compose at least one third of appointment committee. The rules of the permanent arbitration institution may set additional requirements to members of the appointment committee.

6. Obligatory rotation of members of the appointment committee of the permanent arbitration institution shall be effectuated in order at least one third of its members is renewed within three years and the same individual shall not be a member of the appointment committee within three years after its substitution. Members of the appointment committee may be removed at their own free will and due to actual or legal incapacity to further serve as a member of the appointment committee.

7. Procedure for formation of the appointment committee and rotation of its members shall be set out in the rules of the permanent arbitration institution considering provisions of this Federal Law.

8. A non-profit organization, which has formed a permanent arbitration institution, shall be obliged to publicize online information via data telecommunications network Internet on composition of its founders (members). This obligation does not extend to a non-profit organization with a total number of founders (members) exceeding one hundred.

9. The permanent arbitration institution shall be obliged to publicize online information via data telecommunications network Internet on composition of its bodies, including of their members, which are the founders (the members) of a non-profit organization, which has formed the permanent arbitration institution.

10. Procedure for publicizing of online information by the permanent arbitration institution via data telecommunications network Internet shall be set out by the competent federal authority of executive power.

11. A permanent arbitration institution shall keept its website in data telecommunications network Internet, on which it shall publicize all information pursuant to this Federal Law.

12. Optional insurance of liability of the permanent arbitration institution vis-à-vis the parties to proceeding is allowed.

Article 48. Dissolution of the permanent arbitration institution

1. The permanent arbitration institution may be desolved on resolution of a non-profit organization, which has formed it, or on judgment of the *Arbitrazh* court. The non-profit organization, which has formed the permanent arbitration institution, shall be obliged to publicize online information via data telecommunications network Internet on dissolution of the permanent arbitration institution within five days of approval of the resolution on dissolution of the permanent arbitration institution or entry if the court's judgment into force.

2. Where violations by the permanent arbitration institution against the laws of the Russian Federation are detected, the competent federal authority of executive power shall issue a written warning to a non-profit organization, which has formed the permanent arbitration institution, indicating the committed violation and its cure period of at least one month of the date of the warning.

3. Where gross repeated violations by the permanent arbitration institution against provisions of this Federal Law resulting in significant prejudice to rights and legal interests of parties to arbitration and other persons, or inconsistencies with the requirements set out in sub-clauses 1 – 3 of clause 8 of Article 44 of this Federal Law are detected, the competent federal authority of executive power shall issue an order to a non-profit organization, which has formed the permanent arbitration institution, on approval by this non-profit organization of a resolution on dissolution of the permanent arbitration institution within one month after the date of the order. The competent federal authority of executive power shall be notified of the performance of the order within three days of its performance.

4. Where a non-profit organization does not comply with the order on approval by this organization of a resolution on dissolution of the permanent arbitration institution within the said time limit, the competent federal authority of executive power shall file application on dissolution of the permanent arbitration institution with the *Arbitrazh* court.

5. Procedure of issue of order and its forms shall be approved by the competent federal authority of executive power.

6. Dissolution of the permanent arbitration institution pursuant to clause 1 of this Article shall not be ground for vacating of the award rendered within the frame of arbitration, which has been administered by the permanent arbitration institution, or refusal of its enforcement.

7. Within the frame of arbitration administeted by the permanent arbitration institution, disputes, of which arbitration has commenced before the date of dissolution of the permanent arbitration institution pursuant to clause 1 of this Article, shall continue to be resolved by an arbitral tribunal, and all functions of administering arbitration shall be performed by the arbitral tribunal as if proceedings were conducted before *ad hoc* arbitration court unless the parties to the dispute have agreed other procedure for dispute resolution and arbitration agreement becomes unenforceable.

8. Arbitration agreements, which provide for administering of arbitration by the permanent arbitration institution dissolved pursuant to this Article and under which no arbitration has commenced before the date of the said dissolution, shall be deemed arbitration agreements for referral of disputes for resolution of an *ad hoc* arbitration court as of the date of dissolution of the permanent arbitration institution unless the parties to the dispute have agreed other procedure for dispute resolution. Such arbitration agreement besomes unenforceable where dispute arising in connection with this arbitration agreement cannot be resolved by the *ad hoc* arbitration court and the parties have not timely chosen other permanent arbitration institution or where there are other grounds for recognizing the arbitration agreement unenforceable, which are not directly connected with the dissolution of the permanent arbitration institution pursuant to this Article.

Chapter 10. RELATION BETWEEN ARBITRATION AND MEDIATION PROCEDURE

Article 49. Use of mediation procedure in a dispute subject to arbitration proceedings

1. Use of mediation procedure is allowed in any stage of arbitration.

2. Where the parties resolve mediation procedure, any of the parties shall be entitled to file the respective motion with the arbitral tribunal. The parties shall present to the arbitral tribunal the written mediation agreement corresponding to requirements set out in the Federal Law of 27 July 2010 No. 193-FZ “On Alternative Procedure of Dispute Resolution Involving Mediator (Mediation Procedure)”.

3. Where the arbitral tribunal is presented with the agreement indicated in clause 2 of this Article, the arbitral tribunal shall approve order on use of mediation procedure by the parties to arbitration.

4. Time limit for mediation procedure shall be set on the parties’ agreement according to procedure set out in the Federal Law of 27 July 2010 No. 193-FZ “On Alternative Procedure of Dispute

Resolution Involving Mediator (Mediation Procedure)" and indicated in the order of the arbitral tribunal. Arbitration proceedings on the dispute shall be suspended for that time limit.

5. A mediation agreement entered into by the parties to arbitration in writing based on committed mediation procedure with regard to a dispute subject to arbitration proceedings may be approved by an arbitral tribunal as arbitration award on agreed terms on request of all the parties to arbitration complying with the requirements of Article 33 of this Federal Law.

Chapter 11. LIABILITY OF NON-PROFIT ORGANIZATION, WHICH HAS FORMED A PERMANENT ARBITRATION INSTITUTION

Article 50. Liability of non-profit organization, which has formed the permanent arbitration institution

Where the rules of the permanent arbitration institution do not provide for liability of a non-profit organization, whih has formed it, vis-à-vis the parties to arbitration exceeding the liability envisaged by this Federal Law, a non-profit organization, which has formed the permanent arbitration institution shall bear the civil law responsibility before the parties to arbitration only for recovery of damages incurred by them as a result of non-performance or undue performance by the permanent arbitration institution of its functions of administering arbitration or connected with performing of its duties set out in the rules of the permanent arbitration institution, in the presence of intent or gross negligence. The non-profit organization, which has formed the arbitration institution, shall not bear the civil law responsibility before the parties to arbitration for damages resulting from actions or omission of an arbitrator.

Article 51. Liability of arbitrator

An arbitrator shall not bear the civil law responsibility before the parties to arbitration, as well as the permanent arbitration institution in connection with non-performance or undue performance of functions of an arbitrator or in connection with arbitration, except for liability within the frame of civil action under criminal case, whoch may be filed against the arbitrator pursuant to criminal procedure law of the Russian Federation for the purposes of recovery of damages resulting from criminal offence, in which commiting the arbitrator is found guilty according to procedure set out in law. The rules of the permanent arbitration institution may provide for a possibility for decrease of the arbitrator's fee for the case of non-performace or undue performance of his/her duties.

Chapter 12. FINAL PROVISIONS

Article 52. Final provisions

1. Provisions of Chapter 9 of this Federal Law, except for provisions of clauses 7-9 of Article 45 and Article 48 of this Federal Law, shall not apply to foreign arbitration institutions, which have been granted a right to perform functions of the permanent arbitration institution.

2. Rules of this Federal Law shall apply to international commercial arbitration, where the place of arbitration is in the Russian Federation, only in cases directly envisaged by this Federal Law and the Law of the Russian Federation "On International Commercial Arbitration" of 7 July 1993 No. 5338-1

3. Provisions of sub-clause 3 of clause 18 and claus20 of Article 44 of this Federal Law apply upon the expiry of one year after the date of approval by the Government of the Russian Federation of procedure set out in clauses 4-7 of Article 44 of this Federal Law.

4. Validity of arbitration agreement and any other agreements entered into by the parties to arbitration with regard to issues of arbitration shall be determined according to the law valid as of the date for making the respective agreements. Rules set out in clause 10 of this Article apply to proceedings at courts on issues connected with those proceedings.

5. Arbitration agreements entered into before the effective date of this Federal Law remain in full force and effect, without prejudice to provisions of clauses 6 and 16 of this Article, and cannot be deemed invalid or unenforceable solely on the ground that this Federal Law provides for rules other than those valid as of the date of making the said agreements.

6. Where the arbitration agreements valid as of the effective date of this Federal Law provided for dispute resolution by permanent arbitration institution, disputes provided by such agreements may without prejudice of other rules of this Federal Law be considered before permanent arbitration institutions indicated in those agreements or the institutions-successors in accordance with their most applicable rules. In accordance with this Federal Law, formation of only one institution-successor is allowed in relation to one succeeding institution. A non-profit organization, whoch has formed an institution-successor, shall file a written consent of body of legal entity, which has formed the succeeding institution, to perform by the new permanent arbitration institution of functions of the succeeding institution according to arbitration agreements referring disputes for resolution by the succeeding institution, together with documents for granting a right to perform functions of the permanent arbitration institution.

7. As of the effective date of this Federal Law, the rules of the Federal Law of 24 July 2002 No. 102-FZ “On Arbitration Courts in the Russian Federation” shall not apply, except for arbitration, which has commenced but not ended till the effective date of this Federal Law. The provisions of Chapters 7 and 8 of this Federal Law shall apply, among others, to arbitration, which has commenced but not ended till the effective date of this Federal Law.

8. The provisions of this Federal Law that envisage a possibility to file an application with a court in cases set out in clauses 3 and 4 of Article 11, clause 3 of Article 13, Clause 1 of Article 14 and

clause 3 of Article 16 of this Federal Law shall not apply to arbitration, which has commenced but not ended till the effective date of this Federal Law.

9. This Federal Law applies to arbitration, which has commenced after the effective date of this Federal Law.

10. On the court's resolving of any issues connected with arbitration, among others in cases envisaged in clauses 3 and 4 of article 11, clause 3 of article 13, clause 1 of article 14, clause 3 of article 16 and articles 30, 40 and 41 of this Federal Law, as well as in case of filing by a party of a statement of claim with a court in the presence of the arbitration agreement, the court shall be guided by the rules of procedure laws of the Russian Federation valid as of the date of commencement of proceedings in follow-up to the respective application, as well as this Federal Law, except for cases envisaged by clause 8 of this Article.

11. As of the effective date of this Federal Law, the permanent arbitration institutions shall be formed in the Russian Federation in accordance with procedure set out in this Federal Law.

12. Till 1 February 2017, the International Commercial Arbitration Court and the Maritime Arbitration Commission under the Commerce of Industry and Trade of the Russian Federation shall be obliged to approve, publicize online via data telecommunications network Internet and deposit with the competent federal body of executive power the rules of the permanent arbitration institution consisting with the requirements of this Federal Law and indicating, amonth others, that they administer disputes in accordance with arbitration agreements entered into earlier, as well as procedure for use of the new (amended) rules with regard to the arbitration agreements entered into earlier or arbitration commenced earlier. The said rules publicized online via data telecommunications network Internet in accordance with procedure set out in this Federal Law, shall be valid as of the date of their depositing with the competent federal authority of executive power.

13. Upon expiry of one year after approval by the Government of the Russian Federation of procedure set out in clauses 4-7 of Article 44 of this Federal Law, the permanent arbitration institutions, the permanent arbitration courts, which do not comply with requirements of Article 44 of this Federal Law and are not granted with a right to perform functions of the permanent arbitration institution (except for the International Commercial Arbitration Court and the Maritime Arbitration Commission under the Commerce of Industry and Trade of the Russian Federation) shall not be authorized to administer arbitration proceedings.

14. Within three months of the effective date of this Federal Law, the Government of the Russian Federation shall set out procedure envisaged by clauses 4-7 of Article 44 of this Federal Law, as well as procedure for depositing of the rules of the permanent arbitration institution with the competent federal authority of executive power.

15. The permanent arbitration institutions, the permanent arbitration courts administering disputee Russian Federation with violations against requirements of clause 13 of theis Article, shall be dissolved, and awards of arbitral tribunals rendered within the frame of arbitration administered by the said permanent arbitration institutions, the permanent arbitration courts with violations against clauses 13

and 16 of this Article, shall be deemed as rendered with violation of arbitration procedure set out in this Federal Law.

16. Disputes within the frame of arbitration administered by the permanent arbitration institution, the permanent arbitration court, which have lost a right to administer a dispute pursuant to clause 13 of this Article, shall be proceeded by the arbitral tribunal and all functions of administering arbitration shall be performed by the arbitral tribunal as if ad hoc arbitration court were appointed by the parties, unless the parties to a dispute agree the other procedure for dispute resolution and arbitration agreement becomes unenforceable.

Article 53. Repeal of Chapters VII and VIII of Federal Law "On Arbitration Courts in the Russian Federation"

It is decided to repeal Chapters VII and VIII of Federal Law "On Arbitration Courts in the Russian Federation" (Sobranie zakonodatel'stva Rossiyskoy Federatsii, 2002, No. 30, Pos. 3019).

Article 54. Effective date of this Federal Law

This Federal Law shall enter into force on 1 September 2016.