

The Law of Arbitration

Royal Decree No. M/46 12 Rajab 1403

ARTICLE 1:

It may be agreed to resort to arbitration with regard to a specific, existing dispute. It may also be agreed beforehand to resort to arbitration in any dispute that may arise as a result of the execution of a specific contract.

ARTICLE 2:

Arbitration shall not be accepted in matters wherein conciliation is not permitted. Agreement to resort to arbitration shall not be deemed valid except by those who have the legal capacity to act.

ARTICLE 3:

Government bodies may not resort to arbitration for the settlement of their disputes with third parties except after approval of the President of the Council of Ministers. This provision may be amended by a Resolution of the Council of Ministers.

ARTICLE 4:

An arbitrator is required to be experienced and of good conduct and reputation and full legal capacity. In case of multiple arbitrators, they shall be odd in number.

ARTICLE 5:

Parties to a dispute shall file the arbitration instrument with the authority originally competent to hear the dispute. The said instrument shall be signed by the parties or their officially delegated attorneys-in-fact and by the arbitrators, and it shall state the subject matter of the dispute, the names of the parties, names of the arbitrators and their consent to have the dispute submitted to arbitration. Copies of the documents relevant to the dispute shall be attached.

ARTICLE 6:

The authority originally competent to hear the dispute shall record applications of arbitration submitted to it and shall issue a decision approving the arbitration instrument.

ARTICLE 7:

Where parties agree to arbitration before the dispute arises, or where a decision has been issued sanctioning the arbitration instrument in a specific existing dispute, the subject matter of the dispute may only be heard in accordance with the provisions of this Law.

ARTICLE 8:

The clerk of the authority originally competent to hear the dispute shall be in charge of all notifications and notices provided for in this Law.

ARTICLE 9:

The dispute shall be decided on the date specified in the arbitration instrument unless it is agreed to extend it. If parties do not fix in the arbitration instrument a time limit for decision, arbitrators shall issue their award within ninety days from date of the decision approving the arbitration instrument; otherwise, any litigant who so desires may submit the matter to the authority originally competent to hear the dispute, which may decide either to hear the subject matter or extend the time limit for a further period.

ARTICLE 10:

Where parties fail to appoint the arbitrators or one party abstains from appointing the arbitrator(s) who are to be chosen solely by him, or where one arbitrator or more refuses to work, or withdraws, or a contingency arises which prevents him from undertaking the arbitration or if he is dismissed and there is no special stipulation by the parties, the authority originally competent to hear the dispute shall appoint the arbitrator(s) as necessary, upon request of the party interested in expediting the arbitration, in the presence of the other party or in his absence, after being summoned to a session to be held for this purpose. The number of arbitrators appointed shall be equal or complementary to the number agreed upon among the parties. The decision in this respect shall be final.

ARTICLE 11:

The arbitrator may not be dismissed except by the consent of the parties. The arbitrator so dismissed may claim compensation, if he had already commenced work prior to dismissal, and as long as the dismissal is not attributable to him. An arbitrator may not be challenged from judgment save for reasons that occur or appear after filing the arbitration instrument.

ARTICLE 12:

A request to disqualify the arbitrator may be made for the same reasons for which a judge may be disqualified. The request for disqualification shall be submitted to the authority originally competent

to hear the dispute within five days from the day a party is notified of the appointment of the arbitrator or from the day the reasons for disqualification appear or occur. A ruling on the disqualification request shall be made at a hearing specially convened for this purpose to which the parties and the arbitrator whose disqualification is requested are summoned.

ARTICLE 13:

The arbitration shall not expire with the death of one of the parties, but the time for the award shall be extended by thirty days unless the arbitrators decide to extend for a longer period.

ARTICLE 14:

Where an arbitrator is appointed in place of a dismissed or a withdrawing arbitrator, the date fixed for the award shall be extended by thirty days.

ARTICLE 15:

Arbitrators may, by the same majority required for making the award and by a decision giving the grounds for so doing, extend the period fixed for an award due to circumstances pertaining to the subject matter of the dispute.

ARTICLE 16:

The award of the arbitrators shall be made by majority opinion, and where they are authorized to settle, the award shall be issued unanimously.

ARTICLE 17:

The award document shall contain in particular the arbitration instrument, a summary of statements of the parties and supporting documents, the reasons for the award, its text, date of issue and the signature of the arbitrators. Where one or more arbitrators refuse to sign the award, this shall be recorded in the document of the award.

ARTICLE 18:

All awards passed by the arbitrators, even though issued under an investigation procedure, shall be filed within five days with the authority originally competent to hear the dispute and the parties notified with copies thereof. Parties may submit their objections against what is issued by arbitrators to the authority with which the award is filed, within fifteen days from the date they are notified of the arbitrators' awards; otherwise such awards shall be final.

ARTICLE 19:

Where one or more of the parties submit an objection to the award of the arbitrators within the period provided for in the preceding Article, the authority originally competent to hear the dispute shall hear the objection and decide either to reject it and issue an order for the execution of the award, or accept the objection and decide thereon.

ARTICLE 20:

The award of the arbitrators shall be enforceable when it becomes final by order of the authority originally competent to hear the dispute. This order may be issued at the request of any of the concerned parties after ascertaining that there is nothing that prevents its enforcement in the *Shari'ah*.

ARTICLE 21:

The award made by the arbitrators, after issuance of the order of execution in accordance with the preceding Article, shall have the same force as a judgment made by the authority which issued the execution order.

ARTICLE 22:

Arbitrators' fees shall be determined by agreement of parties. Sums not paid to arbitrators shall be deposited with the authority originally competent to hear the dispute within five days after the approval the arbitration document and shall be paid within one week from the date of the issuance of the order for the enforcement of the award.

ARTICLE 23:

Where no prior agreement exists as regards arbitrators' fees and a dispute arises, the authority originally competent to hear the dispute shall decide the matter, and its judgment shall be final.

ARTICLE 24:

Resolutions necessary for the implementation of this Law shall be issued by the President of the Council of Ministers pursuant to a recommendation by the Minister of Justice after agreement with the Minister of Commerce and the Chairman of the Board of Grievances.

ARTICLE 25:

This Law shall be published in the Official Gazette and shall be effective after thirty days from the publication thereof.