

The Rules governing Domestic Disputes

The Rules governing Domestic Disputes consolidated text as of 1 February 2007 The RULES of the Arbitration Court attached to the Economic Chamber of the Czech Republic and Agricultural Chamber of the Czech Republic governing Domestic Disputes

Part I

Basic Provisions

Sec. 1

(1) The Arbitration Court attached to the Economic Chamber of the Czech Republic and Agricultural Chamber of the Czech Republic (hereinafter referred to as "the Arbitration Court") is a permanent arbitration court exercising its activities attached to the Economic Chamber of the Czech Republic as an independent body for deciding property disputes through independent arbitrators under the provisions on arbitration proceedings (the Act No. 216/1994, Coll., on Arbitration Proceedings and Enforcement of Arbitral Awards).

(2) The Arbitration Court shall decide disputes referred to in paragraph (1) hereof, if its jurisdiction in the given dispute is based on:

a) a valid arbitration agreement entered into by the parties (Sections 2 and 3 of the Act No. 216/1994, Coll.);

b) written declarations of the parties in arbitration proceedings commenced, showing beyond doubt their intention to submit to the jurisdiction of the Arbitration Court.

(3) "Domestic dispute" in the sense of these Rules means any dispute in which all parties (participants) have their seats (domicile) within the territory of the Czech Republic, or any dispute in which organizational parts (branches) of foreign persons according to Section 21 of the Commercial Code and/or organizational parts (branches) exercising activities in accordance with a specific Act (e.g. Act No 21/1992, Coll., on Banks) have their seats (domicile) within the territory of the Czech Republic and are entered in the Commercial Register. Further conditions for arbitrating the dispute as domestic are application of Czech law on the dispute, written statements and pleadings of the parties in the Czech (Slovak) language, the venue of the

proceedings in the territory of the Czech Republic, and the decision issued in the Czech (Slovak) language.

(4) A party which initially defends on the merits of the dispute without taking an objection to the jurisdiction (competence) of the Arbitration Court shall not be free to raise thereafter a plea of lack of jurisdiction (Sec. 15 paragraph 2 of the Arbitration Act No. 216/1994, Coll.). A plea raised at a later stage shall be taken into consideration only if the matter is not arbitrable due to its nature.

(5) The proceeding of the Arbitration is in one instance.

(6) If an application for review of the arbitral award within the meaning of Sec. 27 of the Act on Arbitration Proceedings and Enforcement of Arbitral Award No. 216/1994 Coll. is submitted, provisions of these Rules and Principles Governing the Costs of Arbitral Proceedings shall apply in a similar manner as in case of lawsuit.

Part II

Board of the Arbitration Court, Arbitrators and Secretary

Sec. 2

Board of the Arbitration Court

(1) The Board of the Arbitration Court shall exercise the powers conferred on it by the Rules and shall have competence over all other matters within the powers of the Arbitration Court, not expressly entrusted to the President of the Arbitration Court, the arbitrators and/or the Secretary.

(2) Unless the individual members of the Board participate in the same matter in decisions of the Board under Sec. 22 hereof, they shall be free to exercise the function of arbitrators or the Presidents of Arbitral Tribunals.

Sec. 3

Arbitrators

(1) Disputes shall be decided by arbitrators. When exercising his functions, an arbitrator shall be independent of the parties and never act as a representative of a party. An appointment to the position of arbitrator shall be accepted in writing (Section 5 paragraph 2 of the Act No. 216/1994, Coll.).

(2) A dispute shall be decided by a tribunal consisting of three arbitrators, or by a single arbitrator, provided the parties have so agreed. Formation of an Arbitral Tribunal or appointment of a single arbitrator shall be governed by these Rules (Section 21 hereof).

(3) Unless a contrary intent appears from the individual provisions of these Rules, all provisions relative to arbitrators and to Arbitral Tribunal shall apply equally to a single arbitrator.

Sec. 4

Secretary

(1) The Secretary shall organize the work connected with the functions of the Arbitration Court and exercise all other functions reserved to him under the Rules, and in particular he shall ensure the proper conduct of arbitration proceedings in a timely manner, the proper transcription of all decisions of the Arbitration Court and the preservation of all documents of the Arbitration Court; he shall execute documentation confirming that the decisions are final and in force, and with consent of the Board he shall publish leading decisions in appropriate form. He shall have the right to participate in all hearings before the arbitrators.

(2) The functions of the Secretary may be performed by his or her deputy, if any.

Part III

Proceedings

1. General Provisions

Sec. 5

Place of Hearing

Normally, hearings in pending disputes shall be held at the seat of the Arbitration Court in Prague. Upon the initiative of the Arbitral Tribunal or under an agreement of the parties to the dispute and with the consent of the Secretary of the Arbitration Court, the hearings may be held at other places within the Czech Republic.

Sec. 5a

Course of Proceedings

The arbitrators shall be free to proceed in the proceedings in a manner they consider appropriate, always ensuring the equal treatment of the parties and providing all parties with an equal opportunity to exercise their rights with the aim of ascertaining, without unnecessary formalities, all the facts of the dispute necessary for its resolution (Section 18 and Section 19 paragraph 2 of the Act No. 216/1994, Coll.).

Sec. 6

Production of Documents

(1) All documents relating to the commencement and conduct of arbitration proceedings shall be produced in such number of copies that all parties and all members of the Arbitral Tribunal as well as the secretariat receive one copy thereof.

(2) Except for written evidence, communications shall be made in Czech (or Slovak). If the written evidence is produced in a foreign language, the translations thereof to the Czech (or Slovak) shall also be produced on the invitation of the Arbitral Tribunal, or upon request of the party and with the consent of the Arbitral Tribunal thereto.

Sec. 7

Language of the proceedings

Oral hearings shall be held, and decisions shall be made, in the Czech (or in the Slovak) language. The oral hearings may be held in another language than Czech (or Slovak) under the terms and conditions set forth by the Principles governing the costs of arbitral proceedings (Section 41) upon an agreement of the parties and with consent of the Arbitral Tribunal given thereto.

Sec. 8

Basis of Decisions

(1) The Arbitration Court shall decide disputes in accordance with the rules of the applicable material law, guiding itself, within the scope thereof, by the contract concluded between the parties and taking account of the customs of trade.

(2) A dispute may be decided also ex aequo et bono, but any such decision shall be permissible only if the parties expressly confer such power on the Arbitrators.

Sec. 9

Service

(1) Documents relating to the dispute shall be sent to the parties by the Secretary at the last address indicated by that party, or alternatively to the address of residence or registered office, if the party did not indicate any other address, or to the address of a person authorised to act on behalf of the entity, to which the document is addressed, or to the party's appointed counsel.

(2) Statements of claim, defences, summonses, arbitral awards and rulings (orders) shall be delivered by registered mail with notice of receipt with restricted delivery solely to the party.

(3) Other documents may be sent by registered or ordinary mail, in addition, any notice may be also given by cable, teleprint or telefax.

(4) All documents referred to in the preceding paragraph may be also served personally upon the party so long as there is a certification of receipt.

(5) All services by the Arbitration Court shall be deemed valid if made in accordance with paragraphs (1) to (4) hereof, even if the addressee refuses to accept the document or if, in spite of a notice of the delivering post office, fails to take delivery thereof. The service refused by the addressee is deemed to be delivered on the day of refusal to accept such service. The service with restricted delivery (Sec. 9 Para. 2 of the Rules of the Arbitration Court), which the addressee failed to collect despite notice of the delivering post office, is deemed to be delivered on the last day of the term for collection of the service, even if the addressee did not get knowledge about the service. Other service not collected by the addressee within 5 days from the notice of the delivering post office about deposition of the service with the post office, even if the addressee did not get knowledge about the service, is deemed to be delivered on the last day of such time limit.

(6) If a party changes address after the commencement of the proceedings without informing the Arbitration Court thereof, the service shall be valid, if made by one of the methods under paragraphs (2) and (3) to the last known address of said party.

(7) If service cannot be carried out at the last known address of a party who has neither a counsel nor a representative for service, the President of the Arbitration Court may appoint an agent (curator) for such party for the purpose of service of documents. The day of delivery to the curator is deemed to be the day of delivery to the addressee, whom the curator for services of documents was appointed for.

Sec. 10

Stay of Proceedings

After payment of the arbitration fee in the correct amount in accordance with the value of the claim in dispute (Sec. 18 of the Rules of Arbitration Court) proceedings may be stayed for a definite period of time upon request of any party or upon initiative of the Arbitral Tribunal, if good cause is shown. A ruling on the stay shall be taken by the Arbitral Tribunal or, before the formation of the Arbitral Tribunal, the President of the Arbitration Court. Following the expiration of the original period of stay of the proceedings, the proceedings shall continue.

Sec. 11

Restitution

If for serious reasons a party is prevented from participating in the proceedings or in any portion thereof, or if it is prevented from taking certain steps necessary to defend its rights before the pronouncement of the arbitral award or, if such award is not pronounced, before its being made, the Arbitral Tribunal, or in case such tribunal has not yet been formed, the President of the

Arbitration Court shall, upon application of such party, take reasonable measures enabling the party to do subsequently that which it was prevented earlier from doing.

Sec. 12

Conservatory and Interlocutory Measures

(1) After the statement of the claim has been filed, but before the formation of the Arbitral Tribunal, the President of the Arbitration Court may in urgent cases, acting upon application of one party or both of them, take measures to conserve evidence. For this purpose, the President may appoint one or more expert witnesses or take other appropriate measures.

(2) Before the commencement of arbitration proceedings or during the proceedings, any party may apply to the competent authority for an interlocutory measure. A notice of such application shall be given by the party to the Arbitration Court.

Sec. 13

Third Party

(1) Apart from the parties (the Claimant and the Defendant) to the proceeding, anyone who shows a juridical interest in the outcome of the proceedings may take part therein as third party. The Arbitral Tribunal shall decide on the admission of each third party. No other person shall be permitted to participate in the proceedings.

(2) In arbitration proceedings, a third party shall have the same rights as a party, with the exception of the right to appoint an arbitrator, and the same obligations as the party in the proceedings. However, a third party may act only on its own behalf. If its acts are inconsistent with the acts of the party on the side of which it acts, the Arbitral Tribunal shall evaluate the same, taking all circumstances of the case in due consideration. Facts disclosed by a third party may be taken in consideration by the Arbitral Tribunal even if inconsistent with facts alleged by a party.

Sec. 14

Application of the Provisions of the Arbitration Act No. 216/1994, Coll.

Procedural matters not expressly regulated herein, shall be governed by the provisions of the Act No. 216/1994, Coll., on Arbitration Proceedings and Enforcement of Arbitral Awards.

Sec. 15

Scope of Application of Provisions Governing Proceedings

Unless a contrary intention appears in these Rules, provisions applicable hereunder to proceedings before an Arbitral Tribunal (or a single arbitrator) shall apply mutatis mutandis to steps taken by the Board, the President or the Secretary.

2. Commencement of Proceedings

Sec. 16

Statement of Claim

(1) Arbitration proceedings shall be commenced upon a statement of claim being filed with the Arbitration Court. A prerequisite for a dispute to be heard shall be the prepayment of the arbitration fee in the correct amount in accordance with the value of the claim in dispute (Sec. 18 of the Rules of Arbitration Court) and within the prescribed deadline.

(2) The date when the statement of claim is filed with the Arbitration Court shall be deemed to be the day when the action was filed. (Section 14 para 1 of the Act No. 216/1994, Coll.).

Sec. 17

Contents of the Statement of Claim

(1) The statement of claim shall contain:

- a) names of the parties including identification numbers, if assigned, and personal identification birth numbers of the parties who are natural persons, if such numbers are known
- b) addresses of the parties
- c) relief claimed
- d) signature by the Claimant

(2) In addition, the statement of claim should contain:

- a) reference to agreement constituting the jurisdiction (competence) of the Arbitration Court;
- b) statement of facts and law of which the Claimant relies with its claim and a reference to evidence by which it intends to prove facts;
- c) indication of the value of the claim;
- d) receipt showing that the arbitral fee has been settled;
- e) full name of the arbitrator appointed by the Claimant or a request that such arbitrator be appointed on its behalf by the President of the Arbitration Court.

Sec. 18

Value of the Claim

(1) In his statement of claim, the Claimant shall indicate the value of the claim even if the relief sought or a part thereof does not have a pecuniary character.

(2) The value of the claim shall be indicated:

- a) by the amount claimed, if the relief sought is a sum of money,
- b) by the value of property, if the relief sought is the surrender of such property,
- c) by the value of the interest at the time of filing the statement of claim, if the relief sought is for a declaratory decision or a decision modifying an existing legal relation,

d) on the basis of information available as to the material interest of the Claimant, if the relief sought is performance or forbearance on the part of the Defendant.

(3) If additional relief is sought in one action, the value of each form of relief shall be stated separately; the value of the claim shall then be the total sum of all forms of relief sought.

(4) If the Claimant fails to indicate the value of the claim, the Secretary shall call on it to do so within the fixed period. If it fails to do so within that period, or if it indicates the same inaccurately, the Secretary, or the Arbitral Tribunal, if already appointed, in its discretion or upon the Secretary's proposal, as the case may be, or on application by the Defendant, shall determine the value of the claim on basis of available information, or information ascertained during the course of the proceedings.

Sec. 19

Cure of Defects in the Statement of Claim

(1) If the Secretary determines that the statement of claim does not meet the requirements of Section 17 paragraph (1) hereof, the Secretary shall invite Claimant to cure the defects. Insofar the requirements set forth in Section 17 paragraph (1) are concerned, the term for the cure of the defects shall not be more than 10 days from the day of the service of said invitation by the Secretary on the Claimant. Until the cure of the defects, the action shall not be tried.

(2) If, irrespective of the invitation for cure of the defects, the Claimant insists on continuation of the proceedings, the proceedings shall continue, provided the character of the defects does not exclude such continuation, and an award shall be made on the merits of the dispute. Otherwise the proceedings shall be discontinued.

3. Preparation of Trial

Sec. 20

Statement of Defence

(1) If the Secretary is satisfied that the action can be referred to arbitration hereunder, he shall give a notice thereof to the Defendant, sending it a copy of statement of claim with the exhibits attached thereto, as well as the list of arbitrators and a copy of the Rules of the Arbitration Court.

(2) At the same time the Secretary shall invite the Defendant to file a written statement of defence, supported by the respective evidence, within fourteen (14) days following the service of the statement of claim, in answer to it. Upon application of the Defendant, the term may be extended.

(3) Within the same term the Defendant shall indicate the full name of the arbitrator selected by him or request the President of the Arbitration Court to appoint an arbitrator on its behalf.

Sec. 21

Formation of the Arbitral Tribunal or Selection (Appointment) of a Single Arbitrator

- (1) Arbitrators appointed by the parties or by the President of the Arbitration Court under Sections 17 and 20 hereof shall select the presiding arbitrator from the list of arbitrators.
- (2) If the parties fail to appoint an arbitrator, or if the arbitrators, or if the arbitrators appointed fail to select the presiding arbitrator within fourteen (14) days following the notice of appointment, the arbitrator or the presiding arbitrator, as the case may be, shall be appointed by the President of the Arbitration Court.
- (3) If several Claimants or several Defendants are involved on either side in the dispute, one arbitrator shall be appointed by Claimants and one by the Defendants. If the Claimants or the Defendants cannot reach an agreement concerning the appointment of an arbitrator, the arbitrator shall be appointed on their behalf by the President of the Arbitration Court.
- (4) A single arbitrator shall be selected by mutual agreement of the parties. On failure of the parties to agree, such single arbitrator shall be appointed by the President of the Arbitration Court.
- (5) Before the formation of the Arbitral Tribunal (including the selection or appointment of a single arbitrator) the President of the Arbitration Court shall be free to take all steps in the proceedings, unless these are entrusted to the Secretary, except to decide upon jurisdiction (competence) in accordance with Section 23 paragraph 1 hereof.

Sec. 22

Challenge of Arbitrator, Expert-Witness and Interpreter, or Substitution for Inactive Arbitrator

- (1) Each party shall have the right to challenge an arbitrator, a presiding arbitrator, or a single arbitrator, if it has legitimate doubts of its (or their) impartiality. The challenge shall be made prior to the commencement of the oral hearing. If it is made a later time, a decision on it shall be made only if the cause leading to such late challenge is held to be sufficiently serious.
- (2) A decision on challenge of an arbitrator shall be taken by the remaining arbitrators of the tribunal. If they are unable to agree, or if the challenge is against two arbitrators or all of them, the decision thereon shall be made by the Board of the Arbitration Court. The Board also shall decide on a challenge of a single arbitrator, or an arbitrator until the Arbitral Tribunal is formed.
- (3) If a challenge of an arbitrator is sustained the new arbitrator, or the new presiding arbitrator or the new single arbitrator shall be selected or appointed in accordance with these Rules. The new arbitrator or the new presiding arbitrator shall enter the proceedings in the stage prevailing on the date of the acceptance of the position of arbitrator or presiding arbitrator respectively.
- (4) In the event that the arbitrator, the presiding arbitrator, the single arbitrator, or the new arbitrator or the new presiding arbitrator, as the case may be, are unable to take part, or

repeatedly do not take part, in the trial of the dispute, the provisions of paragraphs (1)-(3) shall apply as appropriate. The decision will be taken by the remaining arbitrators of the Arbitral Tribunal, if it concerns one arbitrator of the Arbitral Tribunal, or by the Board of the Arbitration Court, if it concerns the single arbitrator or two or all arbitrators of the Arbitral Tribunal, upon proposal by any party or, alternatively, arbitrator(s) of the arbitral tribunal.

(5) The Arbitral Tribunal may, if considered necessary, hear again the evidence and arguments already heard during preceding hearings held in the matter prior to the replacement.

(6) The same reasons as set forth in paragraph (1) of the present Section may be relied upon when challenging an expert-witness or an interpreter. In this case, the decision on the challenge shall be taken by the Arbitral Tribunal.

Sec. 23

Decision on Jurisdictional Issues

(1) The arbitrators shall have the power to decide on issues of jurisdiction (competence) of the Arbitration Court (Section 3 paragraph 3). Prior to taking the decision, they may ask the Board of the Arbitration Court for its opinion. For that purpose, they shall present a brief report to the Board.

(2) If the arbitrators conclude that the Arbitration Court has no jurisdiction to hear and to decide on the matter they shall terminate the proceedings by a ruling (an order) of discontinuance. If they are of the opinion that the Arbitration Court has the appropriate jurisdiction, they shall overrule the objection also by means of an order (ruling).

(3) Prior to requesting the Board's opinion pursuant to paragraph 1, as the case may be, the arbitrators shall take measures which they think necessary to prevent any prejudice to the parties or to conserve the results of the previous proceedings, unless the power to take such measures is vested in the court of law or another authority.

Sec. 24

Preparation of Trial by the Arbitral Tribunal

The Arbitral Tribunal shall check the state of preparation of the trial and, if it thinks it necessary, shall take additional measures in this respect, more particularly it may ask the parties to file written briefs, evidence and other documents, and shall fix reasonable terms therefore.

Sec. 25

Summons to Hearings

(1) The Arbitration Court shall give a notice of the time and place of the hearing to the parties by means of summons, which shall be sent out in such a manner that each party has at least ten (10) day available for preparation of the trial and its travel to the place of the hearing.

(2) If both parties agree, the term may be shorter.

4. Conduct of Hearings

Sec. 26

Hearings

(1) The dispute shall be heard in private. Persons not participating in the proceedings may be present if the tribunal and parties agree.

(2) Parties may participate in an oral hearing either directly and/or through a duly authorized representative appointed in their absolute discretion.

(3) If a party fails to attend a hearing irrespective of the service on it of a proper notice of the time and place thereof, its absence shall not be an obstacle to the continuance of the hearing.

(4) Each party may declare that it consents to the hearing being conducted in its absence.

(5) Upon application of a party, or on initiative of the Arbitral Tribunal, the hearing may be adjourned if necessary.

(6) An application to change the date of a hearing shall be filed at least two days prior to the term of the hearing so that the other party and members of the Arbitral Tribunal may be duly informed. The Arbitral Tribunal shall decide on the application.

Sec. 27

Simplified Procedures

(Decision on the Basis of Written Documents Only or Without Giving Reasons for the Arbitral Award)

(1) The parties may agree that the Arbitral Tribunal shall make its decision in the dispute only on the basis of written evidence produced, without holding a hearing. However, the Arbitral Tribunal shall be entitled to summon the parties to a hearing, if the written documents produced by the parties prove to be insufficient for a decision on the merits of the dispute.

(2) Until the proceedings are declared to be closed, the parties are free to agree in writing that no reasons need to be given for the arbitral award (Sec. 25 paragraph 1 of the Arbitration Act No. 216/1994, Coll.). Such an agreement may be concluded in the form of concurring oral declarations by the parties to that effect and thereafter inserted into the minutes of the hearing before the Arbitral Tribunal (before the single arbitrator), too.

Sec. 27a

Accelerated Proceedings

- (1) Accelerated proceedings terminated by an arbitral award, or by a ruling (an order) of discontinuance in accordance with Sec. 40 Para. 2 of the Rules
- a) until one month from payment of the increased arbitration fee shall be held on the basis of a written agreement among the parties submitted to the Arbitration Court, upon application of any party, which paid the increased arbitration fee; or
 - b) until three months from payment of the increased arbitration fee shall be held upon application of any party, which paid the increased arbitration fee.
- (2) In the accelerated proceedings the deadlines stipulated by these Rules are shortened to one third, in case of accelerated proceedings in accordance with Para. 1 letter a), and to one half, in case of accelerated proceedings in accordance with Para. 1 letter b), with the exception of the deadline for delivery of the Claim and the deadline stipulated by Sec. 26 Para. 6 of the Rules, which remains unaltered.
- (3) Other conditions of the accelerated proceedings, especially the increased arbitration fee, are provided for in Sec. 3 of the Principles Governing the Costs of Arbitral Proceedings in Domestic Disputes (Sec. 41 of the Rules).

Sec. 28

Counter - Claim

- (1) Until the termination of the trial of the principal claim, the Defendant shall be free to bring a counterclaim (Section 34 paragraph 1). If, however, the Defendant causes undue delays by bringing its counterclaim at later time without showing good cause for such delay, it may be imposed upon it by the Arbitration Court to pay the extra costs incurred in this way as well as the extra expenditure of the other party connected therewith.
- (2) The same requirements governing a statement of claim shall apply to a counterclaim (Section 17 hereof).
- (3) Provisions governing the counterclaim shall be applied, mutatis mutandis, to a defence of set-off raised by the Defendant, provided such defence is based on legal relations other than the main claim of the Claimants.

Sec. 29

Attempt of Settlement

Having in view the circumstances of the dispute, the Arbitral Tribunal may, at any stage of the proceedings, invite the parties to conclude a settlement, making proposals, recommendations and suggestions which, in the opinion of the tribunal, are likely to facilitate such a settlement.

Sec. 30

Minutes of Hearing

(1) At each hearing minutes of the proceedings shall be taken in Czech (or Slovak), and shall contain the following particulars:

- a) indication of the Arbitration Court;
- b) reference number of the dispute;
- c) place and date of the hearing;
- d) names of the parties and their representatives;
- e) indication of the presence and participation of the parties;
- f) names of arbitrators, witnesses, expert-witnesses, interpreters and other participants in the hearing;
- g) concise but precise description of the proceedings during the hearing;
- h) motions and applications by the parties and contents of other important declarations;
- i) reasons for adjournment of the hearing or termination of the proceedings;
- j) signatures of the arbitrators.

(2) The parties shall have the right to get knowledge of the contents of the minutes and to co-sign same. Upon application of a party, the arbitrators may order a modification of, or amendment to the minutes.

(3) A copy of the minutes shall be personally delivered or sent to the parties.

(4) If proceedings are conducted in another language than Czech (or Slovak) (Section 7), it shall be proceeded in accordance with the preceding paragraphs *mutatis mutandis*.

5. Rules of Evidence

Sec. 31

Evidence

(1) The parties shall prove the facts, relied upon by them as basis for their claims or objections. The Arbitral Tribunal may request the parties to produce supplementary evidence. In addition, it may, in its own discretion, appoint expert-witnesses or it may request third parties to produce evidence.

(2) Any party may produce written evidence by original or copy thereof to be authenticated by itself. The Arbitral Tribunal shall be free to request the original documents.

(3) If written evidence is produced in another language than Czech (or Slovak), it shall be proceeded in accordance with Section 6 paragraph 2. hereof.

(4) Evidence shall be heard in the manner fixed by the Arbitral Tribunal. The Arbitral Tribunal may order that evidence be heard by the presiding arbitrator of the tribunal or several arbitrators. The same rules of evidence apply to proceedings before the Board. The Board of

the Arbitration Court may rule that evidence will be heard by the president of the Arbitration Court or several members of the Board.

Sec. 32

Assessment of Evidence

Both the Arbitral Tribunal and the Board shall be free to assess the evidence in their discretion.

6. Termination of Proceedings

Sec. 33

Forms of Decisions

The arbitration proceedings shall be terminated either by an arbitral award, or by a ruling (an order) of discontinuance.

Sec. 34

Arbitral Award

(1) Upon being satisfied that all circumstances of the dispute have been sufficiently clarified, the Arbitral Tribunal shall declare the proceedings closed and prepare its award. The proceeding is terminated by issuance of a ruling on closure of proceedings or, alternatively, issuance of an arbitral award or a ruling on discontinuance (Sec. 40 of the Rules). An award shall be made in disputes, where the decision is on the merits or where it imposes a duty to reimburse the costs of the proceedings including those where, upon application of the parties, the award incorporates the terms of a settlement concluded by themselves or where it results from declarations of a party that it waives its claim without withdrawing expressly the statement of claim.

(2) If the operative part of an award imposes a duty to be performed, the arbitrators shall, at the time of the issuance of the award, set a term for such a performance.

(3) If only a portion of the dispute is sufficiently clarified for purpose of making an award, the Arbitral Tribunal may declare that portion of the proceedings as closed and make a partial award; the proceedings in the remaining portions of the dispute shall continue and a decision on them shall be taken thereafter.

(4) If both the claim itself and the quantum of monies claimed are in dispute, the Arbitral Tribunal may hear and decide first on the merits of the claim by means of an interim award, and continue thereafter as may be necessary to hear the argument as to the quantum of the relief sought and to decide on that issue.

(5) The provisions of these Rules governing the arbitral award shall apply equally to partial and/or interim awards.

Sec. 35

Contents of the Arbitral Award

(1) An arbitral award shall contain, inter alia, the following particulars:

- a) name of the Arbitration Court;
- b) place and date of the award;
- c) full names of the arbitrators or the single arbitrator, as the case may be;
- d) names of the parties and other participants in the dispute;
- e) subject-matter of the dispute and a short statement of facts;
- f) decision on the relief claimed, the fees and the costs of the proceedings;
- g) reasons for the decision (except for cases in which the parties have agreed, in accordance with Sec. 27 paragraph 2 of the Rules, that a reasoned arbitral award is not necessary;
- h) signatures of a majority of arbitrators or signature of the single arbitrator.

(2) If one of the arbitrators is unable to sign an arbitral award, or if he refuses to do so, such fact shall be indicated in the arbitral award by the President of the Arbitration Court and confirmed by his signature.

(3) The arbitral award shall be co-signed by the President and the Secretary of the Arbitration Court; their signatures shall ipso facto authenticate the signatures of the arbitrators, too.

Sec. 36

Voting on the Arbitral Award

(1) The Arbitral Tribunal shall adopt an arbitral award by a majority of votes taken in chambers.

(2) If more than two opinions as to the sums to be awarded or denied by the Arbitral Tribunal are presented, the vote cast for the highest sum shall be added to the vote cast for the immediately lower sum.

Sec. 37

Pronouncement of the Arbitral Award

(1) Upon termination of the proceedings, the arbitral award shall be pronounced orally to the parties or, if these are absent, a written award shall be served on them.

(2) In cases where such procedure is considered reasonable, the Arbitral Tribunal shall have the right to rule that the award will be served on the parties only in writing, without oral pronouncement.

(3) Until the pronouncement of the award, or mailing of same in writing, if the award is not pronounced, the Arbitral Tribunal shall be free to summon parties to a new hearing, if such hearing is necessary to clarify the facts of the dispute or to establish the position of the parties.

Sec. 38

Amendment and Correction of the Arbitral Award

(1) Upon application of a party filed not later than thirty (30) days following the service of the arbitral award on the parties, the Arbitral Tribunal may render an amended award if it appears that the original arbitral award fails to deal with all claims put forward by the parties. An amended award shall not be taken unless the parties are summoned to a new hearing.

(2) Typographical or mathematical errors and other obvious discrepancies appearing in the award shall be corrected at any time by the Arbitral Tribunal upon request of any party or on own initiative. Such correction shall be adopted, signed and served on the parties in the same manner as an arbitral award.

(3) An amended award or a ruling (an order) of correction in respect of the arbitral award shall become an integral part of the original, amended or corrected award. The parties shall not be bound to pay any costs connected with the amendment or correction of such arbitral award.

Sec. 39

Implementation of the Arbitral Award

An arbitral award shall be final and binding. The parties shall fulfil all obligations imposed on them in the arbitral award within the terms fixed therein. On their failure to do so the arbitral award shall be subject to compulsory enforcement.

Sec. 40

Discontinuance of Proceedings without Award

(1) If not terminated by means of an arbitral award (Sec. 34 hereof), the proceedings shall be terminated by a ruling (an order) of discontinuance.

(2) A ruling (an order) of discontinuance shall be taken inter alia:

- a) if the statement of claim has been withdrawn by the Claimant;
- b) the parties conclude a settlement confirmed by the Arbitral Tribunal without incorporation same into an arbitral award under Section 34 para 1;
- c) in case of a decision upon the jurisdiction of the Arbitration Court under Section 23 of these Rules where the jurisdiction of the Arbitration Court is not established;
- d) in the event of a failure of payment of the arbitration fee pursuant to the Principles governing the Costs of Arbitral Proceedings (Section 41).

(3) An order of discontinuance shall be governed by the provisions of Sections 34 through 38 hereof. Until the formation of the Arbitral Tribunal, an order of discontinuance shall be made by the President of the Arbitration Court.

7. Costs of Proceedings

Sec. 41

Costs of Arbitration Proceedings

Principles governing the costs of arbitration proceedings attached hereto shall be an integral part of these Rules.

Part IV

Conciliatory Proceedings

Sec. 42

(1) Upon application, the Arbitration Court may within its jurisdiction (Sec. 1 hereof) conduct voluntary conciliation proceedings on claims put forward, irrespective of the existence of an arbitration agreement in such a case.

(2) Conciliation may be carried out only with the consent of the other party. Proceedings in this case shall take place before a conciliatory committee, composed of the Secretary, who shall act as the chairperson of the proceeding, and two other members, each party appointing one of them.

(3) The parties shall present their arguments during a meeting called by the Secretary for the purpose of carrying out the conciliation. The meeting should result in a draft settlement which the parties shall be free to accept or reject.

(4) The draft settlement recommended by the conciliatory committee to the parties upon termination of the meeting shall not prejudice the parties in the subsequent proceedings, if any. In addition, no statement made by them during the conciliation proceedings can prejudice their respective rights.

(5) The fee for conciliation shall amount to one half the fee to be paid in respect of arbitral proceedings. The fee shall be paid in advance, each party advancing one half (1/2) thereof.

Part V

Entry into Force

Sec. 43

The present Rules shall enter into force and become effective as from May 1st, 2002.

Arbitration Court attached
to the Economic Chamber of the Czech Republic and Agricultural Chamber of the Czech
Republic

JUDr. Bohuslav Klein, m.p.
President