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THE RULES OF ARBITRATION OF THE PERMANENT ARBITRATION COURT AT THE CROATIAN CHAMBER OF ECONOMY

(Zagreb Rules)

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GENERAL PROVISIONS

THE JURISDICTION OF THE ARBITRATION COURT

Article 1

1. The Rules of Arbitration at the Permanent Arbitration Court of the Croatian Chamber of Economy (hereinafter: the Rules) regulate the jurisdiction of the Permanent Arbitration Court of the Croatian Chamber of Economy (hereinafter: the Arbitration Court), the composition of the arbitral tribunal and the rules on arbitration before arbitral tribunals in disputes with or without an international element.
2. The arbitral tribunal at the Arbitration Court has jurisdiction if the parties have so agreed and if it is a matter of rights of which the parties may freely dispose.
3. The parties may agree not to apply the provisions of the Rules, apart from the provisions of Article 27 of the Rules, unless such agreement is contrary to mandatory laws of the Republic of Croatia.
4. If the parties have so agreed, the Arbitration Court shall carry out only some of the activities prescribed in the Rules, especially:
 - act as appointing authority in *ad hoc* arbitration and arbitration conducted by other arbitration institutions;
 - offer administrative and other services, organise hearings and make premises and equipment available for the conduct of arbitration and conciliation subject to rules different from these

Rules and the Rules on Conciliation of the Croatian Chamber of Economy ("Narodne novine" no. 81/2002).

REFUSAL OF JURISDICTION

Article 2

The Presidency of the Arbitration Court shall refuse to hear certain dispute even if the jurisdiction of the arbitration court has been agreed if the arbitration agreement concluded relates to rights of which the parties may not freely dispose.

Article 3

If in the same matter between the same parties civil contentious proceedings have been instituted before a court, the arbitral tribunal, if it finds that there are especially important reasons to do so, may order that the arbitration proceedings be stayed until the civil contentious proceedings before a court are concluded.

THE VENUE OF ARBITRATION

Article 4

If the parties have not come to a different agreement, the venue of arbitration shall be at the seat of the Arbitration Court.

REPRESENTATION AND COUNSELING

Article 5

The parties may appoint representatives and counsels of their own choosing. The names and addresses of these persons shall be communicated to the Arbitration Court and the other party in writing. In this communication it must be stated whether they are appointed for representation or counselling.

THE COMPOSITION AND APPOINTMENT OF AN ARBITRATION COURT

THE NUMBER OF ARBITRATORS

Article 6

1. The parties may agree for the arbitration to be conducted by an arbitration panel or a sole arbitrator.
2. If the parties have not come to a prior agreement on the number of arbitrators and if within fifteen days after the respondent has been served with the statement of claim, the parties do not agree on the composition of the arbitral tribunal in disputes where the foreign currency (equivalent) value of the subject of the dispute does not exceed 50,000 EUR, the arbitration shall be conducted by a sole arbitrator, whilst in other disputes, the arbitration shall be conducted by an arbitration panel of three arbitrators.

THE APPOINTMENT OF A SOLE ARBITRATOR

Article 7

1. If the parties agree to appoint a sole arbitrator, they shall inform the Secretariat of the Arbitration Court of the name of the sole arbitrator.
2. If within an appropriate time limit set by the Secretary of the Arbitration Court, which may not be shorter than 15 days from the day the answer to the statement of claim is filed with the Arbitration Court, or from the day of failing to file an answer to the statement of claim the parties do not act in accordance with the provisions of Paragraph 1 of this Article, a sole arbitrator shall be appointed by the appointing authority.

PERSONS WHO MAY BE APPOINTED ARBITRATORS

Article 8

The parties may appoint persons to be arbitrators who are not on the list of arbitrators of the Arbitration Court (Article 4 of the Rules of the Arbitration Court).

MULTY PARTY ARBITRATION

Article 9

1. If in one dispute several claimants or respondents are taking part in the same party role (co-litigants), they shall previously come to an agreement on the appointment of a common arbitrator.
2. If the co-litigants fail to reach an agreement as in Paragraph 1 of this Article or if in their filings they do not appoint or nominate the same person as arbitrator even after an additional period of 15 days, the arbitrator shall be appointed by the President of the Arbitration Court instead, from the list in Article 4 of the Rules of the Arbitration Court.

THE APPOINTING AUTHORITY

Article 10

1. The parties may agree on the appointing authority.
2. If the parties do not agree on the appointing authority or if the agreed appointing authority refuses the function entrusted to him/her, the appointing authority shall be the President of the Arbitration Court.

PROCEDURE BY THE APPOINTING AUTHORITY

Article 11

1. The appointing authority shall appoint an arbitrator without delay. In carrying out the appointment of an arbitrator the appointing authority shall apply a list procedure unless the parties have agreed that the list procedure is not to be applied or if the appointing authority assesses that the application of the list procedure is not appropriate for the case concerned.
2. When applying the list procedure:

- a. At the request of one of the parties or both parties the appointing authority shall send both parties an identical list containing at least three names.
 - b. Within 15 days of receiving the list each party may return the list to the appointing authority having crossed out the name or names he/she does not accept and marked with numbers the remaining names on the list according to his/her order of preference.
 - c. After the expiration of the time limit in point (b) the appointing authority shall appoint an arbitrator from the persons whose names were approved on the returned lists according to the order indicated by the parties.
 - d. If the appointment cannot be conducted in the manner described, the appointing authority may appoint an arbitrator according to his/her own judgement.
3. When appointing an arbitrator, the appointing authority shall take into consideration all the circumstances which ensure the appointment of an independent and impartial arbitrator and the advisability of appointing an arbitrator who does not have the same citizenship as the parties.
 4. If within 30 days after the appointment of another arbitrator the two arbitrators appointed do not agree on the choice of the chairman of the arbitral tribunal, he shall be appointed by the appointing authority in the manner prescribed in Paragraphs 1 and 2 of this Article.

REPETITION OF HEARINGS IF THERE IS A CHANGE IN THE COMPOSITION OF THE ARBITRAL TRIBUNAL

Article 12

1. If the composition of the arbitral tribunal changes, the hearings shall be repeated. The arbitration court may decide that the hearings will not be repeated if the parties agree.
2. If a new sole arbitrator is elected or appointed, the hearings must be repeated.

ARBITRATION PROCEEDINGS

THE STATEMENT OF CLAIM

Article 13

1. Arbitration proceedings are instituted by a statement of claim unless the parties come to a different agreement.
2. The statement of claim shall be filed with the Arbitration Court and must contain:
 - a. the name and address of the parties
 - b. the claim
 - c. a statement of the facts on which the claim is based
 - d. statements and motions regarding evidence
 - e. a statement on the arbitration agreement if it has been concluded
 - f. a statement on the appointment of an arbitrator
 - g. an indication of the value of the subject of the dispute.

3. A copy of the main contract and the arbitration agreement (if it is not included in the main contract) must be enclosed with the statement of claim, if these documents exist.

THE ANSWER TO THE STATEMENT OF CLAIM

Article 14

1. The Secretariat of the Arbitration Court shall serve the respondent with the statement of claim and its enclosures and set a time limit for filing a written answer to the statement of claim. The answer shall be filed with the Arbitration Court, and the Secretariat of the Arbitration Court shall forward it, together with its enclosures, to the claimant and each arbitrator.
2. The provisions of Paragraphs 2 and 3 of Article 13 of the Rules shall be applied as appropriate to the answer to the statement of claim.

COUNTERCLAIM

Article 15

The respondent may file with the Arbitration Court right up to the conclusion of the hearings a counterclaim or file a request for setoff in the form of a counterclaim, if the counterclaim or the request for setoff arises from a legal relation covered by the arbitration agreement concluded.

MERGER AND SEPARATION OF PROCEEDINGS

Article 16

1. If the parties to a dispute bring independent statements of claim against each other from different legal relations for which they have agreed the jurisdiction of the arbitral tribunal at the Arbitration Court, the Secretariat of the Arbitration Court shall endeavour to merge the litigation and adjudication of these claims before the same arbitrators.
2. If proceedings are being conducted against several respondents, but in relation to one or more of them the arbitration proceedings cannot be conducted for the time being, the proceedings which may run without delay shall be separated from those in which activities are temporarily stayed until the difficulties are removed.

INTERVENOR

Article 17

A person who has a legal interest to join one of the parties in the dispute as an intervenor may join that party if both parties agree to this.

TIME LIMITS

Article 18

1. The parties may agree to prolong the time limit for the performance of certain procedural actions by the parties determined by the Rules or by a ruling of the arbitral tribunal.
2. The Secretary of the Arbitration Court and the arbitral tribunal are authorised in justified cases, within the limits of their jurisdiction, to extend the time limits for the performance of certain

procedural actions determined in the Rules or by a conclusion of the arbitral tribunal, taking care to prevent undue delays of the proceedings.

3. The arbitrators, taking all the circumstances into consideration, shall assess whether they can recognise the procedural actions the parties have undertaken after the expiration of the time limits fixed.

4. The provisions of Paragraph 2 of this Article do not relate to failure to meet time limits for filing objections against an order for payment.

THE CONCLUSION OF THE HEARINGS

Article 19

1. When the arbitration court finds that the matter has been litigated sufficiently for a decision to be rendered, it shall announce that the hearings are concluded.

2. The arbitration court may decide to re-open hearings that have been concluded if this is necessary to supplement the proceedings or to clarify important issues.

SPECIAL PROVISIONS ON THE DIRECT SERVICE OF COMMUNICATIONS

Article 20

1. The Secretary of the Arbitration Court and the arbitral tribunal may order that each party should send a copy of their filings and their enclosures intended for the opposing party by registered mail with a return note directly to their opponent at the address given in the files.

2. Along with the filing sent to the Arbitration Court, a party who is acting according to the provisions of Paragraph 1 of this Article shall enclose the original or a copy of the certificate of mailing the registered letter to the opponent, and, at the request of the Secretary of the Arbitration Court or the arbitral tribunal, also the return note, to prove the orderly completion of service.

THE NUMBER OF COUNTERPARTS OF FILINGS AND ENCLOSURES

Article 21

1. The statement of claim, the answer to the statement of claim, the enclosures with the statement of claim and with the answer to the statement of claim and other filings, which the parties send to the Arbitration Court or the arbitral tribunal during the proceedings, shall be filed with the Arbitration Court in a sufficient quantity of counterparts for the Arbitration Court, for all the opponents and all the arbitrators.

2. In the file kept at the Arbitration Court there should be at least one counterpart of each communication on the basis of which the arbitral tribunal heard the case and rendered decisions. At the request of the parties or the arbitral tribunal, the Secretary of the Arbitration Court shall issue a copy of certain documents from the file kept at the Arbitration Court.

EVIDENCE

Article 22

1. The arbitral tribunal shall decide on the admissibility, importance, significance and evidentiary strength of evidence offered and presented, and on which party the burden lies to prove the truth of certain factual allegations.
2. The arbitral tribunal may, if it finds this to be appropriate, request a party to give the arbitral tribunal and the other party, within a time limit set by the arbitral tribunal, a summarized overview of the documents and other evidence which that party intends to present to establish disputed facts presented in the statement of claim or in the answer to the statement of claim.
3. During the arbitration proceedings, the arbitral tribunal, within the limits of its powers, may order the parties to furnish documents or other evidence within the time limit it sets.
4. The arbitral tribunal may decide that the presentation of certain evidence should be entrusted to the chairman of the tribunal or one of the co-arbitrators.
5. The Secretary of the Arbitration Court shall make the necessary arrangements to provide shorthand notes, sound recordings and minute taking in a foreign language on the presentation of evidence if one of the parties requests it or if the arbitral tribunal so orders and if a monetary deposit is given to meet the costs incurred.

WITNESSES

Article 23

1. The arbitral tribunal may determine the manner in which the witnesses are to be heard.
2. The arbitral tribunal may determine that a witness or witnesses shall leave the room whilst other witnesses are heard.

EXPERT WITNESSES

Article 24

1. When it receives reports by expert witnesses, the arbitral tribunal shall send a copy of the reports to the parties and allow them to make written observations about them. The parties are authorised to examine all documents referred to by the expert witness in the report.
2. The arbitral tribunal may appoint experts for certain legal issues and ask them to give their opinion.

ORAL HEARINGS

Article 25

1. The arbitral tribunal shall inform the parties in good time of the scheduling of oral hearings with information on the date, time and place of the hearing to be held.
2. If it is necessary to hear witnesses, each party shall furnish the arbitral tribunal and the other party with the names and addresses of witnesses they intend to propose at least fifteen days before

the hearing, and communicate the subject of the testimony and the language in which the hearing of the witness will take place.

3. The arbitral tribunal shall be responsible for the interpretation of oral testimonies at the hearing and for keeping minutes of the hearing if it feels this is necessary in view of the circumstances of the case or if the parties have so agreed and informed the arbitration court of this at least fifteen days before the hearing is held.

4. Oral hearings shall be held without the public present, if the parties have not agreed otherwise.

INTERIM MEASURES

Article 26

1. The arbitral tribunal shall issue an interim measure as a rule only after it has allowed the other party to provide observations on the motion to issue it. The arbitral tribunal may issue an interim measure before the other party has been allowed to make observations on the motion only if the party seeking the interim measure makes it probable that this is necessary for the efficiency of the interim measure. In this case the party moving for the issuing of an interim measure is obliged to inform the arbitral tribunal of all the circumstances relevant for the decision by the arbitral tribunal and a statement that he/she will be liable for damage caused by failure to inform of any circumstances which he/she knew about or which he/she must have known. In any case, the arbitral tribunal shall allow the other party to provide observations on the motion as soon as possible in the circumstances and after receiving the observations of the other party it shall re-examine the decision rendered on the interim measure.

2. Interim measures are issued in the form of a conclusion and must include a statement of reasons. In especially urgent cases, interim measures may be issued without a statement of reasons. If it is necessary to file a motion with a court for the enforcement of an interim measure or if the opposing party so moves, a written decision on the interim measure with a statement of reasons shall be drawn up. If for the enforcement of the interim measure it is necessary to apply to a court in another country, the arbitral tribunal may issue the interim measure in another appropriate form.

3. The parties shall inform the Secretary of the Arbitration Court immediately of specific security measures.

THE AWARD

Article 27

There is no legal remedy permitted before a higher instance arbitration court against the award.

SERVICE OF THE AWARD

Article 28

1. The final award shall be served to the parties when the Secretary of the Arbitration Court establishes that they have paid to the Arbitration Court all the costs of the arbitration proceedings.

2. The certificate of the legal validity and enforceability of the award shall be issued by the Secretary of the Arbitration Court.

THE POWERS OF THE SECRETARY OF THE COURT

Article 29

1. The Secretary of the Arbitration Court may attend the hearings.
2. The Secretary of the Arbitration Court is obliged to take part in the hearings if the sole arbitrator or at least one member of the arbitral tribunal is not a lawyer.
3. The Secretary of the Arbitration Court, whilst respecting the right of decision-making of the arbitral tribunal on the merits of the dispute, is authorised to draw the arbitrators' attention to legal issues of importance for decision-making and especially issues relating to the content and form of the procedural actions which are being undertaken.

THE POWERS OF THE ARBITRATION COURT

Article 30

1. Before signing the award, the arbitral tribunal is obliged to present the Arbitration Court a draft of the award.
2. The Arbitration Court may order alterations to the form of the draft presented. The Arbitration Court, whilst respecting the right of decision-making of the arbitral tribunal on the merits of the dispute, is authorised to draw the attention of the arbitral tribunal to issues related to the merits of the dispute.
3. The examination of the draft award shall be carried out on behalf of the Arbitration Court by the President or a member of the Presidency of the Arbitration Court to whom the Presidency entrusts this task.
4. The award of the arbitration court may not be served to the parties before it has been approved in terms of its form by an authorised member of the Presidency of the Arbitration Court.

ORDER FOR PAYMENT

Article 31

1. If the conditions are fulfilled on the basis of which an order for payment may be issued according to the provisions of the Civil Procedure Act of the Republic of Croatia, the President of the Arbitration Court shall issue an order for payment as the sole arbitrator.
2. The order, together with the statement of claim, shall be served to the respondent.
3. The respondent may lodge an objection against the order for payment within eight days or, in the case of promissory notes or cheques, within three days from the service of the order. In the objection the respondent shall appoint an arbitrator in accordance with the provisions of the Arbitration Act and these Rules.
4. If within the time limit in Paragraph 3 of this Article the respondent does file an objection, the Secretary of the Arbitration Court shall make the necessary arrangements to constitute an arbitration tribunal and the regular proceedings shall continue before the arbitration tribunal or the sole arbitrator for a final decision to be rendered.

Article 32

By concluding an arbitration agreement about an arbitration which is to be conducted by the arbitral tribunal at the Arbitration Court, the parties accept the provisions of these Rules.

Article 33

1. These Rules shall apply to arbitration proceedings when the arbitration agreement was concluded after they have come into force.
2. If the parties do not agree for these Rules to be applied to proceedings already pending, the arbitration rules on which the parties agreed earlier shall apply to these proceedings.

COSTS

Article 34

The Rules on the Costs of the Proceedings before the Arbitration Court (arbitrators' fees, administrative costs, advance payments of costs, presentation of evidence and other costs) shall be determined by a decision of the Management Board of the Croatian Chamber of Economy.

ENTRY INTO FORCE

Article 35

These Rules shall enter into force on the eighth day from the date of their publication in "Narodne novine".

No: I-3343/1-2002

Zagreb, 9 December 2002

The President

Nadan Vidošević, m.p.
