

Kluwer Arbitration Blog

The Latest ACIC 2023 Arbitration Rules: A Further Step to Enhancing Efficiency in Arbitration Services in Iran

Sima Ghaffari (ICC YAAF) · Friday, September 8th, 2023

The first arbitral institution providing institutional arbitration in Iran, the Arbitration Center of the Iran Chamber of Commerce (“ACIC”), released the latest edition of its arbitration rules on 19 February 2023. The new ACIC arbitration rules (“New Rules”), which came into effect in May 2023, replace the previous 2007 edition (“2007 Rules”). The New Rules are the result of an extensive revision process by the ACIC Board and legal committee of the [Iran Chamber of Commerce, Industries, Mines and Agriculture](#). They apply to all requests for arbitration filed on or after this date, regardless of the date of the underlying arbitration agreement.

This post examines some key features of the New Rules such as the provisions on consolidation, emergency arbitrator, expedited procedure, appointment of tribunal secretary, joinder and enhanced use of technology, amongst others. This post also demonstrates how and why the New Rules are more consistent with the modernised approach to institutional arbitration.

Key Features of the New Rules

As discussed in a previous [blog post](#), the 2007 Rules were ripe for revision. Below are some notable changes and procedural innovations of the New Rules that meet the present needs of arbitration users.

At the outset, it is noteworthy that the New Rules have widened the authority of the ACIC Court of Arbitration to decide on procedural issues including *prima facie* jurisdiction challenges, challenges to arbitrators, appointment of arbitrators, changes in legal representation as well as scrutiny of awards.

Increased Use of Technology

In line with the increased reliance on technology in arbitration proceedings during the COVID-19 period, the New Rules accommodate greater use of technology in arbitration proceedings and hearings and promote greener arbitration practices in Iran by way of the following provisions:

- **An express reference to virtual hearings:** All or part of the arbitration proceedings can be conducted online, unless otherwise agreed by parties or if the ACIC deems the arbitral tribunal’s reasons to conduct the hearing virtually to be inappropriate (Article 32). While it is not clear why the ACIC is given the discretion, in the New Rules, to object to hearings conducted remotely, this may be because of the potential uncertainties that arise with respect to the enforcement of awards

in the context of virtual hearings. With in-person hearings being the predominant manner in which hearings are typically conducted, virtual hearings have yet to find their place in the Iranian legal regime.

- **Introducing an Electronic Filing System:** This system is designed for the electronic filing of arbitration requests and answers to requests, conducting arbitration proceedings and the notification of awards (Article 1). While this system is presently available for registering arbitration requests, the other services are not yet available to users.
- **Greater use of technology to facilitate communication:** The New Rules encourage parties to rely on electronic means (emails or the Electronic Filing System) for communications and filing written submissions (Article 4).
- **Less travel for non-substantive hearings:** The New Rules empower the arbitral tribunal to hold case management conferences virtually after consultation with parties (Article 23.3).

The above technology-related developments may not be as extensive as those that have been undertaken by some of the leading arbitral institutions. However, these revisions provide a viable foundation for promoting greener arbitrations in Iran.

Consolidation and Multiple Contracts

The New Rules empower the ACIC to consolidate two or more arbitrations being administered under the ACIC at the request of a party in certain circumstances (Article 9). In line with the rules of other international arbitral institutions, Article 9 broadens the scope of the application of consolidation and allows consolidation when:

- A) All parties have agreed to consolidation;
- B) All claims are made under the same arbitration agreement; or
- C) All claims are not made under the same arbitration agreement but the disputes in the arbitrations arise in connection with the same legal relationships or related transactions or arise from a principal contract and its ancillary contracts.

In deciding whether to consolidate, the ACIC considers different elements including the potential consolidated arbitration, the impact of the proposed consolidation on the arbitration, any progress already made in the arbitrations and any other relevant circumstances. All arbitrations are to be consolidated into the first arbitration unless otherwise agreed by parties. The ACIC may revoke the appointment of arbitrators where consolidation is granted; the New Rules do not provide any further details on the procedure for the appointment of arbitrators in the context of consolidated proceedings.

Multi-party arbitrations were previously also regulated in the 2007 Rules. The New Rules provide that when parties have not agreed on the number of arbitrators in multi-party arbitrations, the arbitral tribunal shall comprise of three arbitrators, except where the ACIC, taking into account the relevant circumstances and in its discretion, determines that the appointment of a sole arbitrator is appropriate. The reason why this discretion is given to the ACIC, as opposed to the ACIC Court of Arbitration, is unclear.

The New Rules further introduce a provision for multiple contracts which provides that claims arising out of or in connection with more than one contract may be made in a single arbitration, if claims are made based on the same arbitration agreement (Article 8). Claims arising out of multiple contracts can also be pursued in a single arbitration provided that the arbitration agreements under

which those claims are made are compatible.

Joinder of Third Parties

Joinder is a key procedural mechanism to avoid parallel proceedings and inconsistent awards, and to save time and costs. The 2007 Rules were silent on joinder mechanism where the disputing parties themselves sought to join additional parties and only provided for instances where third parties (i.e., parties affected by any issues in the ongoing proceedings) wanted to join the arbitration.

Under the New Rules, any request for joinder that is made after the appointment of arbitrators is subject to the additional party accepting the constitution of the arbitral tribunal and agreeing to the Terms of Reference, where applicable, unless otherwise agreed by parties (Article 10). A decision on a request for joinder after the appointment of arbitrators, involves taking into account all relevant circumstances, including the arbitration agreement, the timing of the request for joinder, any potential conflicts of interests and the impact of the proposed joinder on the arbitration. The decision of the arbitral tribunal or the ACIC Court of Arbitration to allow the joinder of any additional party is without prejudice to the arbitral tribunal's powers to rule on its own jurisdiction (Article 10.4).

One of the cost-saving features of the newly added provisions on joinder is the ability to join third parties both prior to and after the appointment of arbitrators, provided that all parties, including the third party, consent to the joinder.

Expedited Proceedings and Exceptional Procedures

The New Rules introduce provisions for expedited and emergency arbitration. The scope of the application of the Expedited Procedure Rules ("EPR") is tied to a fixed financial threshold of parties' claims and express consent. This potentially restricts parties to apply for EPR. The threshold varies between domestic and international arbitration cases. It should be noted that an arbitration is considered to be international where one of the parties involved in the arbitration is not an Iranian national under Iranian laws at the time of the conclusion of the arbitration agreement. The EPR set forth in Appendix I applies if:

- 1) The amount in dispute (both main claim and counterclaim) does not exceed 100,000 Euros in international arbitration and 10,000,000,000 Iranian Rials in domestic arbitration, and
- 2) Parties expressly agree.

The abovestated threshold amounts for the application of the EPR is very low compared to the expedited provisions of other arbitral institutions. The time limit within which awards are to be issued under the EPR is two months in domestic arbitration and four months in international arbitration from the date of the arbitrators' acceptance. It is noteworthy that these timelines cannot be extended even by the ACIC Court of Arbitration.

In addition, the New Rules enable parties to make an application for emergency interim relief prior to the constitution of the arbitral tribunal pursuant to Appendix II of the New Rules. Article 1.4 of Appendix II provides that a Request for Arbitration is to be filed within 10 days from the emergency application, failing which the emergency arbitration proceeding is to be suspended. In addition, the ACIC shall appoint an emergency arbitrator within 3 days from the receipt of the application. These tight timeframes ensure the efficiency and effectiveness of the emergency

arbitration process.

Case Management Conferences

The drafting of a procedural timetable was mandatory only in international arbitration cases under the 2007 Rules. In order to enhance efficiency, the New Rules now impose an obligation on arbitrators to conduct a preliminary case management conference and establish a timetable when drafting the Terms of Reference or within 15 days from drafting the Terms of Reference (Article 23).

Appointment of Tribunal Secretary

The New Rules allow arbitrators to appoint a tribunal secretary or to request the ACIC to appoint one (Article 22). Tribunal secretaries can be appointed on obtaining parties' approvals and agreeing on their duties and role in the arbitration. To prevent the concern of tribunal secretaries being the "fourth arbitrator", the New Rules provide that arbitrators cannot delegate their decision-making function to tribunal secretaries. Notably, tribunal secretaries are required to sign a Statement of Impartiality and Independence prior to their appointment and are obliged to disclose any circumstances that would give rise to justifiable doubts on their impartiality and/or independence.

Party Representation

A highlight of the New Rules is a new mechanism that empowers arbitrators to withhold approval of any intended changes or additions to a party's authorized representatives where such changes or additions could jeopardize their impartiality and independence as arbitrator (Article 11.3). The underlying rationale of this provision is to avoid a conflict of interest that would warrant the resignation or dismissal of an arbitrator. It will additionally prevent parties from engaging in strategic appointments to obstruct the proceedings. The ACIC Court of Arbitration will make the final decision if parties object to the decision of the arbitrator. Granting this authority to the ACIC Court of Arbitration to make the final decision regarding the approval for parties' newly appointed representatives rather than the arbitral tribunal, impacts the parties' rights to select their arbitrators.

Arbitration Timelines Enhancing Efficiency

The New Rules revise the timelines in order to assist arbitrators to issue awards in a timely manner. For instance:

- Time limit for challenging an arbitrator: within 10 days after being notified of the appointment or becoming aware of the relevant circumstances giving rise to the challenge (Article 19).
- Time limit for arbitrators to decide the emergency application: within 14 days following their appointment. The ACIC may extend the time limit in exceptional circumstances (Appendix II).
- Time limit for the arbitral tribunal to accept appointment: within 7 days from being notified of the appointment (Article 17).
- Time limit for the arbitral tribunal to draft Terms of Reference: 20 days from the date the case is transmitted to arbitrators (Article 26).

Final Remarks

Given how recent they are, the benefits and shortcomings of the New Rules will become clearer

once they have been implemented in practice by arbitrators. It will be interesting to observe whether the New Rules will have a significant impact on the efficient and swift settlement of disputes by the ACIC over the next few years.

Confidentiality is considered one of the fundamental principles of arbitration. However, neither the previous 2007 Rules nor these latest 2023 edition of the New Rules embody a comprehensive framework for protection of confidentiality and data protection in arbitration proceedings. Moreover, the New Rules also do not address the more innovative issues in international arbitration such as online dispute resolution or third party funding.

The New Rules are a welcome revision in general. In the author's view, the above-described amendments in the New Rules could well advance the purpose of the ACIC in delivering efficient arbitration services in both domestic and international arbitration.


To make sure you do not miss out on regular updates from the Kluwer Arbitration Blog, please subscribe [here](#). To submit a proposal for a blog post, please consult our [Editorial Guidelines](#).


Profile Navigator and Relationship Indicator

Includes 7,300+ profiles of arbitrators, expert witnesses, counsels & 13,500+ relationships to uncover potential conflicts of interest.

Learn how **Kluwer Arbitration** can support you.

Learn more about the newly-updated *Profile Navigator and Relationship Indicator*



 Wolters Kluwer

The graphic features a dark background with white text and a circular icon. The icon depicts a group of stylized human figures, with one figure in the center being magnified by a magnifying glass. The background of the graphic is divided into two horizontal sections by a thin line, with a blue line on the left and a green line on the right.

This entry was posted on Friday, September 8th, 2023 at 8:52 am and is filed under [ACIC](#), [Arbitration](#)

Institutions and Rules, Iran, Technology

You can follow any responses to this entry through the [Comments \(RSS\)](#) feed. Both comments and pings are currently closed.