

September 2023

Spotlight on Draft 7th (seventh) Edition of the Singapore International Arbitration Centre ("SIAC") Rules

On August 22, 2023, SIAC published the much-anticipated <u>Draft 7th (seventh) Edition of the SIAC Rules</u> (the "**Draft Rules**") for public consultation. The Draft Rules are aimed at enhancing efficiency, speed and cost-effectiveness. We focus the spotlight on relevant innovations and amendments found within the Draft Rules.

Key Innovations:

SIAC Gateway (Draft Rule 4.2)

Draft Rule 4.2 proposes the launch of SIAC Gateway – an in-house digital case management platform for online case filing, case management and online payment processing. This would allow parties and the tribunal to access the entire arbitral record at one place. SIAC would now join other arbitral institutions that offer digital case management platforms such as ICC Case Connect, the SCC platform and HKIAC Case Connect.

Streamlined Procedure (Draft Rule 13 and Draft Schedule 2)

Streamlined Procedure is proposed to be an enhanced version of Expedited Procedure for arbitrations involving lower value or less complex disputes. The main difference between the two would be: (a) the maximum amount in dispute is not more than SGD 1,000,000 (one million Singapore Dollars) as compared to SGD 10,000,000 (ten million Singapore dollars) for Expedited Procedure, and (b) the arbitral tribunal is to issue its award within 3 (three) months instead of 6 (six) months stipulated for the Expedited Procedure. Additionally, it offers a 50% discount on SIAC's maximum administration fees calculated in accordance with the Schedule of Fees.

Disclosure of third-party funding relationships (Draft Rule 38)

Draft Rule 38 would make it mandatory for parties to disclose the existence of any third-party funding ("**TPF**") agreement and the identity of the third-party funder in the notice of arbitration, the response to the notice or immediately upon concluding a TPF agreement. The Draft Rule appears to promote greater transparency. This would reduce the risk of conflicts of interest from the outset, especially between members of the tribunal and the third-party funder.

Coordinated Proceedings (Draft Rule 17)

The Draft Rules include a new provision permitting coordinated proceedings. This addresses situations where there is a common question of law or fact involved in two or more arbitrations, before the same tribunal. The tribunal is empowered to:

- conduct the coordinated arbitrations concurrently or sequentially;
- align any procedural aspects and hear the coordinated arbitrations together; or
- suspend any of the coordinated arbitrations pending a determination of any of the others. The coordinated proceedings continue to be separate proceedings, with separate orders or awards, unless parties agree otherwise.

Preliminary determination of an issue (Draft Rule 46)

The Draft Rule 46 now permits a party to approach the arbitral tribunal for the preliminary determination of an issue where parties so agree, or where one party can demonstrate that such determination might save time and costs. Preliminary determinations could be of assistance in narrowing down the issues for consideration, disposing of the arbitration altogether or a substantial part of the claims.

Key Amendments:

Expedited Procedure (Draft Rule 14)

SIAC was one of the first few arbitral institutes to introduce the Expedited Procedure providing for faster and cost-effective resolution of disputes of a lower monetary value or complexity. The Draft Rules propose to increase the monetary threshold for Expedited Procedure from SGD 6,000,000 (six million Singapore dollars) to SGD 10,000,000 (ten million Singapore dollars) (as the amount in dispute), enabling the use of Expedited Procedure in a larger number of cases.

Emergency Arbitration (Draft Rule 12 and Schedule 1)

The Draft Rules now allow a party to apply for the appointment of an emergency arbitrator even prior to the filing of the notice of arbitration. The 2016 Rules only permitted filing of the emergency arbitrator application along with or following the filing of the notice of arbitration.

This change could mean that parties would be able to seek emergency relief prior to commencing arbitration, without having to approach a local court for pre-arbitration interim measures of protection.

The other key change is the shortening of timelines within which an order/ award is to be passed by the emergency arbitrator – it is now 10 (ten) days instead of 14 (fourteen) days.

Appointment of arbitrators (Draft Rule 19)

The Draft Rules make several changes to the appointment procedure which are important for parties to bear in mind. These include:

- Draft Rule 19.7 requiring the sole arbitrator or the presiding arbitrator to be of a different nationality from the parties, where the parties are of different nationalities; and
- Draft Rule 19.11 permitting the President of the SIAC to deviate from the parties' agreed appointment procedure where there is a risk of unequal treatment that may affect the award's enforceability. This provision could be of particular use where there are unilateral or one-sided appointment clauses, which may be unenforceable under national law.

Award

The major changes proposed in the Draft Rules pertain to:

- reduced timeline from 45 (forty-five) days to 30 (thirty) days for submitting the draft award to the SIAC Registrar for scrutiny (Draft Rule 53);
- signing of the award electronically or in counterparts, enabling simultaneous signing of the award where the members of the tribunal may be in different locations (Draft Rule 52); and
- publication of the redacted award, decision, ruling or order by the SIAC unless parties object to such publication within 6 (six) months from the conclusion of the arbitration (Draft Rule 60).

Express provisions on security for costs (Draft Rule 48) and security for claims (Draft Rule 49)

Draft Rule 48 proposes a dedicated separate provision catering to security for costs. Security for costs allows parties to apply to the tribunal for an order that any party asserting a claim, counterclaim or cross-claim provide security for legal costs and expenses and the costs of the arbitration. The provision empowers tribunals to make any consequential direction if a party fails to comply with an order to provide security for legal costs and expenses and the costs of arbitration. Similarly, Draft Rule 49 allows parties to apply to the tribunal for an order that any party responding to a claim, counterclaim or cross-claim is to provide security for the claim.

Concluding Remarks:

The public consultation on the Draft Rules closes on November 21, 2023. The Draft Rules, if adopted in a form closely resembling their current structure, holds significant potential for further bolstering efficiency.

For further queries or information on the Draft Rules and how it impacts current and future SIAC dispute resolution clauses, please reach out to any of the contacts listed.

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