

Regulations on the Mode of Arbitration Support of a Contract

1. Arbitration support of a contract is a special form of documentary and legal control of the contract performance by its parties operated by the AICAC.

2. Arbitration support of a contract is performed by the IACAC on condition that the contract or a special agreement of the parties supplementary to the contract contains a note of arbitration support of the contract.

3. Arbitration support of a contract can be performed both for contracts containing also an arbitration clause of the AICAC and those where an arbitral clause provides for the jurisdiction of other arbitration or state courts for considering disputes between the parties, as well as in the absence of an arbitration clause in a contract.

4. Documentary and legal control implies that the AICAC synchronously (upon the onset of relevant events and within a reasonable period after they occur) receives from the parties notifications of juridical facts related to the contract, any legally significant nuances of their relations, and the views and explanations of the parties as to these circumstances that may have evidential status in the event of a dispute between these parties, to be considered in the AICAC, and performs legal examination of these facts. Documentary and legal control may imply the possibility for the parties to ask the AICAC for legal advice on the essence of their obligations arising from the contract.

5. Arbitration support of a contract can be in the form of passive or active documentary and legal control.

5.1. Passive documentary legal control means that the AICAC performs the systematization and legal evaluation of information relating to the contract, in order to use such data in the event of a possible dispute between the parties subject to arbitral settlement, without informing the parties of the results of the legal evaluation performed by the AICAC.

5.2. In the framework of active documentary and legal control, besides systematization and legal classification of relevant information, the AICAC shall send consultative notes or notations to parties based on the arbitration authority having classified the timeliness and completeness of performance of contractual obligations by the parties. In the case of a "blank note contract" (p. 7 of the Regulations), the AICAC shall also have the right to demand jointly with injured party immediate fulfillment of contractual obligations from the party that have breached the contract and claim compensation for the damage inflicted thereby.

6. In the framework of arbitration support of a contract, the AICAC may issue special control documents: notes, in which the AICAC sets out its consultations, recommendations or legal classifications on request of the parties to a contract; notations, in which the AICAC on its initiative indicates the untimely or incomplete fulfillment of contractual obligations by the parties, as well as actual circumstances that the AICAC has become informed of, which can affect the performance of the contract by the parties.

7. In the framework of arbitration support of a contract, the parties to a contract may agree to use consultative notations of the AICAC, which in this case the arbitration court will have the right to formulate to the parties on its own initiative following the appropriate classification of certain circumstances of their performance of contractual obligations, which the AICAC has become informed of in the course of arbitration support of the contract. In case the parties duly authorize the AICAC, consultative notations containing legal classifications of individual facts and circumstances of the parties performing their contractual obligations made by the arbitration authority will be sent to the parties by the AICAC within 48 hours of having obtained the information requiring a consulting note. The necessity of a consultative note concerning certain facts shall be determined by the AICAC.

8. If the parties so desire, their contract that contains a note of arbitration support of the contract may be set out on an official high-security letterhead of the AICAC, which has several levels of protection against forgery, with an endorsement of the President of the AICACS and an international registration number of the contract. This form of execution of a contract using the mechanism of its arbitration support is called a "blank note contract" and implies obligatory consultative notations of the AICAC. In this case, in addition to the above stated rights associated with the arbitration support of a contract, the AICAC shall also have the right to demand jointly with injured party immediate fulfillment of contractual obligations from the party that have breached the contract and claim compensation for the damage inflicted thereby. This additional right of the AICAC does not give rise to any other proprietary or liability rights of the AICAC as to the parties to the contract arising from the contract or related to it.

9. Arbitration support of a contract is not a form of participation of the AICAC in a contract concluded by the parties and does not imply for the AICAC acquisition of any rights or obligations associated with this contract or arising therefrom with respect to the parties to the contract, except for the rights and obligations directly related to the implementation of the arbitration support procedure.

10. Arbitration support of a contract does not create any additional obligations for parties to the contract to each other or the AICAC, except for the obligations to provide the AICAC with relevant information, recognize the competence of the AICAC for arbitration support of the contract, and the obligation to pay the AICAC for arbitration support of the contract.

11. Arbitration support of a contract begins, in accordance with the will of its parties, after the conclusion of the contract or any other stage of its performance by the parties and ends after the full performance of the contract by the parties or its termination on the initiative of authorized persons, or at any other time.

12. Arbitration support of a contract, in accordance with the will of its parties, may concern the whole scope of contractual obligations of the parties or its individual parts.

13. Arbitration support of a contract has a set of special legal features, which determine the appropriateness of this mechanism in commercial practice:

a) Prevention.

The possibility of simultaneous monitoring, storage, preliminary legal classification and archiving by an arbitration institution of information related to the performance of contractual obligations by the parties that has legal significance and a hypothetical evidentiary status in case of consideration of a corresponding arbitration dispute between the parties in the AICAC has an obvious preventive significance. Parties to a contract having included on their own initiative the mechanism of arbitration support of a contract into the system of their legal relations, recognizing the fact of external synchronous legal classification of their actions and the consequences of the classification are more likely to refrain from the intentional breach of the contract.

b) Increased responsibility of the parties.

Arbitration support of a contract, being actually a single nuance of contractual relations of the parties, in fact, since the start of this legal mechanism is already a process for collecting and evaluating evidence, which will acquire legal significance in the event of a dispute between the parties, but is performed even before the emergence of such a dispute. Thus, each of the parties to a contract with an arbitration support understands that every its action (omission) is actually not only the fact of performance or non-performance of contractual obligations, but also an event that has a procedural classification and evidentiary value.

c) It is practically impossible to deceive an arbitration court, and high objectivity of proceedings is guaranteed.

Arbitration support of a contract is carried out in synchronous chronological mode (following the occurrence of relevant facts), which actually rules out the possibility for a contract breaching party to form a detailed version of justification for the breach, virtually eliminates the possibility for the party to evade financial liability for the breach stipulated by the contract and the law.

d) Increased time for legal classification of relevant facts

Arbitration support of contract involves preliminary classification of relevant juridical facts by the arbitration authority (before the actual commencement of arbitration), and this gives the AICAC a relatively long period for the most objective, comprehensive, just and reasoned analysis of all the circumstances of the possible future dispute between the parties to a contract.

e) Efficiency, short-termness and economy of arbitral proceedings

Arbitration support of contract involves preliminary classification of relevant juridical facts by the arbitration authority (before the actual commencement of arbitration), thus reducing not only arbitration expenses borne by the parties, but the time required for obtaining and studying evidence by the AICAC after the commencement of arbitration.

f) High potential of correcting actions of the parties without holding arbitration

Documentary and legal control performed by the AICAC in the framework of the arbitration support of a contract involves, in particular, the option of consultative notations from the AICAC, and thus can have a significant impact on behavior of the parties to a contract, with regard to not only preventing their misconduct, but also timely correction of actions or omissions that violate provisions of a contract.

g) Additional guarantees performance of contractual obligations within the option of consultative notations from the AICAC and subsidiary responsibility of the AICAC

If in accordance with the will of the parties their contract provides for the use of arbitration support with consultative notations, the AICAC may under certain conditions pursuant to these Regulations be subsidiary responsible to the injured party to a contract for the failure by the other party of its contractual obligations.

14. The AICAC must send a copy of any information obtained in the framework of arbitration support of a contract from one of the parties to the other party within 24 hours.

15. If arbitration support is performed for contracts that do not contain an arbitration clause about the competence of the AICAC for consideration of disputes between the parties arising out of the contracts, the information collected by the AICAC in the course of support of a contract, as well as its legal classification by the AICAC acquire the status of qualified expert testimony (evidence) in the consideration of a relevant dispute in any competent arbitration or state court.

16. The AICAC shall keep all information obtained in connection with arbitration support of a contract in strict confidence, which rules out any form of disclosure, and use it solely for the purpose of arbitration support of a contract or within a competent arbitration or a lawsuit considering disputes between the parties to a contract.

17. Arbitration support of a contract as a form of documentary and legal control performed by the IACAC can be established according to a free expression of will of interested parties. For this purpose, the parties shall set out in their contract or a special agreement of the parties supplementary to the contract the following note of arbitration support of the contract:

"The parties to this contract provide that, starting from its entry into legal force (*or from other moment*) and until the full performance of the contract by the parties or its termination on the initiative of authorized persons (*or any other time*), the provisions of this contract and actions of the parties aimed at its performance are subject to arbitration support (documentary and legal control) performed by the American International Commercial Arbitration Court (the AICAC) according to its Regulations on the Mode of Arbitration Support of a Contract. In the course of arbitration support of the contract during its whole effective period (*or a period defined above*), the parties undertake to promptly provide the AICAC with all the information related to the facts of their performance of this contract, as well as their views on these facts, for systematization and legal classification. The parties choose arbitration support of the contract as an active (*or passive*) form of documentary and legal control. All provisions of this contract (*or a separate part of them*) are subject to arbitration support. In the framework of arbitration support of the contract, the parties choose the following means of operative communication with the AICAC: __ (*telephone communication, e-mail, etc.*). Language of communication with the AICAC - _____. The cost of arbitration support of the contract shall be paid to the AICAC by the parties in equal parts (*or in other proportion*)."

18. The cost of services provided by the AICAC in the course of arbitration support of a contract depends on the contract price (the total value of all liabilities of the party to a contract, which is obliged to pay, to transfer goods of a certain price to the counterparty or perform other actions, which have commercial value) and are calculated according to the following table. The cost of services provided by the AICAC in the course of arbitration support of a contract, whose effective period exceeds 1 year, increases according to the values specified in the following table.

Contract price				The cost of arbitration support of a contract					
(U.S. dollars)				(U.S. dollars)					
				Base cost: calculated for an effective period of a contract not exceeding 1 year					Additional payment for each successive year
up to			10,000.00	300.00	-	-	-		200.00
from	10,001.00	up to	50,000.00	500.00	-	-	-		400.00
from	50,001.00	up to	100,000.00	700.00	-	-	-		550.00
from	100,001.00	up to	200,000.00	1000.00	plus	0.8 %	amounts over	100,000.00	1000.00
from	200,001.00	up to	500,000.00	1,400.00	plus	0.5%	amounts over	200,000.00	25% of base cost
from	500,001.00	up to	1,000,000.00	1,800.00	plus	0.3%	amounts over	500,000.00	25% of base cost
from	1,000,001.00	up to	2,000,000.00	2,000.00	plus	0.2%	amounts over	1,000,000.00	20% of base cost
from	2,000,001.00	up to	5,000,000.00	2,500.00	plus	0.17%	amounts over	2,000,000.00	20% of base cost
from	5,000,001.00	up to	10,000,000.00	3,000.00	plus	0.15%	amounts over	5,000,000.00	18% of base cost
from	10,000,001.00	up to	30,000,000.00	4,500.00	plus	0.08%	amounts over	10,000,000.00	18% of base cost
from	30,000,001.00	up to	50,000,000.00	8,000.00	plus	0.07%	amounts over	30,000,000.00	16 % of base cost
from	50,000,001.00	up to	80,000,000.00	12,000.00	plus	0.05%	amounts over	50,000,000.00	14% of base cost
from	80,000,001.00	up to	100,000,000.00	20,000.00	plus	0.04%	amounts over	80,000,000.00	12% of base cost
over	100,000,001.00			30,000.00	plus	0.01%	amounts over	100,000,000.00	

19. The cost of services provided by the AICAC in the course of arbitration support of a contract, whose effective period does not exceed one year, are paid by the parties in two equal payments: 50% at the moment of starting arbitration support of the contract, and 50% 10 calendar days before the end of arbitration support of the contract.

20. The cost of services provided by the AICAC in the course of arbitration support of a contract, whose effective period exceeds one year, are paid by the parties as follows: 50% of the base cost of arbitration support services in the first year of the effective period are paid at the moment of starting arbitration support of the contract, 50% of the base cost of arbitration support services in the first year of the effective period are paid 10 calendar days before the end of the first year of arbitration support of the contract, and in further years, 100% of additional payment for each year of arbitration support of the contract shall be paid in the first decade of January.

21. The payers of the cost of arbitration support of a contract are the parties to the contract in equal parts, unless otherwise stipulated by agreement between them.

22. Terms of subsidiary responsibility of the AICAC with respect to obligations of the parties to a contract:

22.1. If arbitration support of a contract is performed using the option of consultative notations, the AICAC bears subsidiary responsibility to the injured party to the contract for guilty sending of untimely or inconsistent with the actual state of affairs consulting notes when having an actual opportunity to perform its function properly with respect to the defaulted obligation of the contract breaching party (including the responsibility for negative consequences of the default) in respect of which the AICAC has failed to issue a timely or proper consultation note.

22.2. A defaulted obligation means an obligation, which the contract breaching party has finally failed to fulfill within the effective period of a contract or the period, in which the fulfillment of the obligation was urgent for the injured party as stipulated by the contract.

22.3. Subsidiary responsibility implies that the AICAC at its expense compensates the injured party for the part of price of the obligation defaulted by the contract breaching party, as well as the direct and actual damage inflicted to the injured party by the default, which was not recovered by the contract breaching party due to its insolvency.

22.4. If the AICAC according to its subsidiary responsibility compensates the injured party for the part of price of the obligation defaulted by the contract breaching party, it acquires the right to recourse against the contract breaching party for the compensation.

23. All disputes arising from arbitration support of a contract, as well as related to the issues of subsidiary responsibility of the AICAC, which could not be settled by the parties through reconciliation, shall be resolved according to an arbitration clause or arbitration agreement applicable to the contract. In the absence of an arbitration clause or arbitration agreement applicable to the contract, or if they specify the competence of the AICAC, these disputes shall be settled by an arbitration institution selected in accordance with the following procedure:

a) the procedure for approval of an arbitration court to consider a dispute between the parties may not exceed 15 calendar days;

b) the Claimant shall send a written notice to the Defendant proposing to select an international commercial arbitration court from among the five institutional arbitration courts proposed by the Claimant;

c) the Defendant may choose two of the five institutional arbitration courts proposed by the Claimant and add one more to them, proposing the Claimant with a written notice to choose from these three options an arbitration court to consider the dispute.

d) If the parties fail to agree upon an arbitration court within the term specified in p. 23 a) , where each of the parties have officially selected one of the three proposed arbitration courts, a court agreed upon shall be considered the one that has not been chosen by the parties.

e) the dispute shall be settled in accordance with the Regulations of the arbitration court agreed upon by the parties. Language of Arbitration: English Applicable substantive law: Swiss legislation. The place and time of arbitration shall be agreed upon by the parties.