KLRCA Model Fast Track Arbitration Clause

“Any dispute, controversy or claim arising out of or relating to this contract, or the breach, termination or invalidity thereof shall be settled by arbitration in accordance with the Kuala Lumpur Regional Centre for Arbitration Fast Track Rules.”
This is the third edition of the KLRCA Fast Track Arbitration Rules as produced by the Kuala Lumpur Regional Centre for Arbitration as of 24th October 2013.
## Part I

**KLRCA FAST TRACK ARBITRATION RULES**

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Part I

KLRCA

FAST TRACK

ARBITRATION

RULES
Article 1
Interpretation

1. Unless the context otherwise requires, words and expressions below shall bear the meanings and/or definitions ascribed respectively below:

“the Centre” means the Kuala Lumpur Regional Centre for Arbitration;

“the Director” means the Director of the Centre, and in the event the Director is unable or incapable of acting for any reason whatsoever, refers to any other person who may be authorised by the Director in writing;

“these Rules” means the KLRCA Fast Track Arbitration Rules;

“the Act” means the Malaysian Arbitration Act 2005 (Act 646) and the Arbitration (Amendment) Act 2011 or any statutory modification or re-enactment to the Act;

“arbitral tribunal” means either a sole arbitrator or all arbitrators when more than one is appointed;

“relevant documents” means all documents relevant to the dispute, whether or not favorable to the party having power, possession or control of them, but does not include documents which are privileged and not therefore legally disclosable;
“international arbitration” means an arbitration where:

a) One of the parties to an arbitration agreement, at the time of the conclusion of that agreement, has its place of business in any sovereign State other than Malaysia;

b) Any place where a substantial part of the obligations of any commercial or other relationship is to be performed or the place with which the subject matter of the dispute is most closely connected is situated in any sovereign State other than Malaysia;

c) The parties have expressly agreed that the subject-matter of the arbitration agreement relates to more than one sovereign State;

“domestic arbitration” means any arbitration which is not an international arbitration.

2. a) Where the parties to a contract have provided in writing for reference to arbitration under these Rules, then such dispute(s) shall be referred and finally determined in accordance with these Rules. These Rules shall be subject to any such amendments as the Centre may have adopted to take effect on or before the commencement of the arbitration, unless the parties have agreed otherwise.

b) Where the seat of arbitration is Malaysia, Section 41, Section 42, Section 43 and Section 46 of the Malaysian Arbitration Act 2005 (Amended 2011) shall not apply.
Article 2
Written Notifications or Communications

1. For the purposes of these Rules, notices, statements, submissions or other documents used in arbitration may be delivered personally to the party or delivered by leaving the document at the party’s habitual residence, place of business or mailing address; or, if none of these can be ascertained after making reasonable inquiry, then documents may be delivered by leaving them at the party’s last known residence or place of business.

2. If a party is represented by an advocate and solicitor or any other authorised agent in respect of the arbitral proceedings, all notices or other documents required to be given or served for the purposes of the arbitral proceedings together with all decisions, orders and awards made or issued by the arbitral tribunal shall be treated as effectively served if served on that advocate and solicitor or authorised agent.

3. The date that a party has had or ought to reasonably have had notice of a document is deemed to be the date that the particular document is delivered to that party. Delivery of documents to the Centre or its officers shall be in accordance with these Rules.

4. Without prejudice to the effectiveness of any other form of written communication, written communication may be by fax, email or any other means of electronic transmission effected to a number, address or site of a party. The transmission is deemed to have been received on the day of transmission.
5. For the purposes of calculating a period of time under these Rules, such period shall begin to run on the day following the day when a notice, statement, submission or other document is received. If the last day of such period is an official holiday or a non-business day at the residence or place of business of the addressee, the period is extended until the first business day which follows. Official holidays or non-business days occurring during the running of the period of time are included in calculating the period.

Article 3
Commencement of Arbitration

1. Arbitration proceedings under these Rules shall be deemed to have commenced when the party initiating the arbitration (the "Claimant") delivers to the other party (the "Respondent") a notice in writing stating its intention to commence an arbitration under these Rules (the "Notice of Arbitration"). A copy of the Notice of Arbitration shall be delivered at the same time to the Centre and be marked for the attention of the Director.

2. The Notice of Arbitration shall include:

   a) The names, mailing addresses, telephone and facsimile numbers of the parties and their counsel;

   b) A brief summary of the matters in respect of which the parties are in dispute;

   c) Reference to the agreement by which the dispute is to be arbitrated under these Rules;
d) The name and professional details of at least 1 individual nominated by the Claimant as candidate for the role of a sole arbitrator or the name and professional details of the Claimant’s duly appointed arbitrator where there is prior agreement for a panel of 3 arbitrators;

e) A request to the other party to concur with the appointment of a sole arbitrator or to duly appoint an arbitrator whether there is prior agreement for 3 arbitrators;

f) A copy of the arbitration agreement; and

g) A comprehensive Statement of Case in accordance with Article 7 signed by or on behalf of the Claimant.

3. The copy of the Notice of Arbitration delivered to the Centre shall be accompanied by a cheque drawn in favour of the Centre in such sums as may from time to time be prescribed by the Centre as the non-refundable registration fee for commencing arbitration under these Rules.

**Article 4**

**Appointment of Arbitral Tribunal**

1. Unless the parties have agreed otherwise, any arbitration conducted under these Rules shall be conducted by a sole arbitrator whose appointment shall be agreed in writing by the parties within 7 days of the commencement of arbitration.
2. Where parties have failed to reach an agreement in writing to the appointment of a sole arbitrator within 7 days of the commencement of the arbitration, the Director shall appoint the sole arbitrator, notify the parties of the appointment and provide the parties with the arbitral tribunal’s name and mailing address.

3. If the arbitral tribunal is to consist of 3 arbitrators:
   a) Each party shall appoint 1 arbitrator within 7 days of the commencement of arbitration, or longer provided an extension of time has been applied for and granted by the Director prior to the lapse of the 7 days;
   b) Where one party has failed to appoint an arbitrator within 7 days of the commencement of the arbitration and have failed to request for an extension of time for such appointment prior to the lapse of the 7 days the Director shall appoint the second arbitrator, notify the parties of the appointment and provide the parties with the second arbitrator’s name and mailing address;
   c) If the two said arbitrators do not appoint a presiding arbitrator within 10 working days of one calling upon the other to do so, the Director shall appoint the presiding arbitrator, notify the parties of the appointment, and provide the parties with the presiding arbitrator’s name and mailing address;
d) A substantive oral hearing shall only proceed after 3 arbitrators have been appointed;

e) After the appointment of the presiding arbitrator, decisions, orders or awards shall be made by all or a majority of the arbitrators;

f) The view of the presiding arbitrator shall prevail in relation to a decision, order or award in respect of which there is neither unanimity nor a majority under Article 4 Rule 3(f) above.

4. The request for appointment of an arbitral tribunal shall be accompanied by a cheque drawn in favour of the Centre in such sum as may from time to time be prescribed by the Centre as the appointment fee.

5. Upon the appointment of the arbitral tribunal (whether by parties’ agreement or appointment by the Director), the Claimant shall forthwith provide the arbitral tribunal with a copy of the Notice of Arbitration.

**Article 5**

*Independence and Impartiality of the Arbitral Tribunal*

1. The arbitral tribunal conducting arbitration under these Rules shall be and remain at all times independent and impartial, and shall not act as advocate for any party.
Article 6

Law, Procedure and Jurisdiction

1. The arbitral tribunal shall apply the law designated by the parties as applicable to the substance of this dispute. Failing such designation by the parties, the arbitral tribunal shall apply the law determined by the conflict of laws rules, which it considers applicable.

2. The seat of arbitration shall be Malaysia. The law of the arbitration under these Rules shall be the Act.

3. An award made under these Rules shall be deemed to be an award made in Malaysia.

4. Unless otherwise agreed, the language of arbitration shall be English.

5. Subject to these Rules, the arbitral tribunal shall have the powers permitted by law and under the Act to ensure the just, expeditious, economical and final determination of the dispute(s) in the reference. In this regard, the arbitral tribunal shall conduct the arbitration in such manner as the arbitral tribunal considers appropriate, save that at all times the arbitral tribunal shall ensure that the parties are treated equally and are given reasonable opportunity to present their case. Without limiting the generality of the foregoing, the arbitral tribunal’s powers and jurisdiction to achieve the just, expeditious, economical and final determination of the dispute(s) in the reference shall include the power and jurisdiction to:

a) Establish any other procedure not covered by these Rules which is deemed suitable;
b) Order any submission or other materials to be delivered in writing or electronically;

c) Limit the submission or production of any documents by the parties;

d) Order specific disclosure and discovery of limited identified documents or relevant documents which have not been produced in the statement of case, defence or reply, upon application by a party on justifiable grounds; and that if such relevant documents are not disclosed by the other party within the time so prescribed, draw adverse inferences in its award should it consider that other party to be in default of its disclosure obligations;

e) Fix deadlines for any procedure including submissions and production of documents and in default of deadlines to accordingly proceed with the arbitration without attaching any weight to any non-compliant submission or production of documents which do not comply with the deadlines;

f) Apply the arbitral tribunal’s specialist knowledge provided that parties are given the opportunity to address any matter relating to the specialist knowledge that the arbitral tribunal wishes to apply to the award;

g) Restrict the use of expert evidence or supplementary expert evidence unless permission or leave is first obtained and any such terms imposed by the arbitral tribunal complied with. Any request for such permission or leave to adduce expert evidence must
be made within 14 days after the delivery of the Statement of Reply. In the case of supplementary expert evidence, any request for such permission must be made by the party wishing to adduce such evidence within 14 days of service/exchange of expert reports, failing which no supplementary witness statement shall be adduced in evidence by that party;

h) Appoint independent experts to inquire and report on specific matters with the consent of the parties as to the appointment and the costs related thereto, and require the parties to give such expert any relevant information or to produce, or to provide access to, any relevant documents, goods or property for inspection by the expert;

i) Order the parties to make any property or thing available for inspection and to carry out physical inspection of any matter or item that is related to the subject matter of the reference to arbitration;

j) If the parties so agree, add other parties (with their consent) to be joined in the arbitration and make a single final award determining all disputes between them;

k) Make such directions on the procedure and process for the substantive oral hearings as may be necessary for the expedient determination of the dispute(s) in the reference including but not limited to:

i) Directing that any party wishing to adduce in evidence statements of witnesses of
fact must give notice of such intention within the prescribed time;

ii) The manner in which the time at the hearing is used including the time limited for cross examination or re-examination allocated to each party;

iii) Directing that evidence in chief of any witnesses will be limited only to affirmed witness statements and no further examination in chief of any witness is allowed except for corrections to the witness statements and directions for the simultaneous exchange of these witness statements;

iv) Directing that witness statements in reply can be lodged if parties choose to do so and making directions for the simultaneous exchange of these witness statements;

v) Directing that unless the party entitled to cross-examine agrees to dispense with it, the maker of any witness statement and/or the party or parties identified in the statements and/or supporting evidence must be made available for cross-examination at the hearing, in default of which, the arbitral tribunal may elect either to proceed with the hearing and place such weight on his statement or evidence as the arbitral tribunal deems just and appropriate; or proceed with the hearing and exclude the statement or evidence altogether;
vi) Directing that in the absence of any witness statements, the parties’ signed Statement of Case, Statement of Defence (and Counterclaim, if any) and Statement of Reply (and Defence to Counterclaim, if applicable) shall serve as the parties’ evidence at the hearing;

vii) Directing the limit or specifying the number of witnesses and/or experts that is to be dealt with in the hearing;

viii) Directing that any issues to be cross-examined of particular witnesses or experts are irrelevant and not to be raised in the hearing;

ix) Directing that any other issues cross-examined of particular witnesses or experts apart from those approved by the arbitral tribunal, will be given no weight;

x) Ordering pre-hearing interrogatories to be answered;

xi) Conducting the questioning of witnesses or experts himself/herself or making such enquiries as may appear to the arbitral tribunal to be necessary provided that parties are given an opportunity to address any facts and/or law that the arbitral tribunal wishes to apply to the award;

xii) Requiring two or more witnesses and/or experts to give their evidence together;
xiii) Directing written submission, if required, to be served and exchanged simultaneously with a limited right for an expeditious written submission in reply;

xiv) Extend any time limit provided by the Rules up to 7 days, and with the consent of the Director up to 14 days. The Director may in exceptional circumstances, upon consultation with the arbitral tribunal and parties, extend time further.

**Article 7**

**Statement of Case**

1. Without limiting its comprehensive nature, the “Statement of Case” shall contain the following information:

   a) Statement of the facts and sufficient particulars supporting the Claimant’s position in the case and any related claims;

   b) Copies of all documents relied upon in the statement of facts and sufficient particulars;

   c) Copies of any other documents considered relevant to the Claimant’s case and claims;

   d) The contentions of fact and law supporting the Claimant’s position and copies of any particular legal authority that the Claimant intends to rely upon;

   e) All items of relief and remedy sought by the Claimant; and
f) All quantifiable items of claim shall be accompanied with the relevant calculations and breakdowns to substantiate the quantum (where applicable).

**Article 8**

**Statement of Defence**

*(and counterclaim, if any)*

1. Within 28 days of the commencement of arbitration, the Respondent shall deliver to the arbitral tribunal and the Claimant a comprehensive “Statement of Defence” to the Claimant’s Statement of Case, signed by or on behalf of the Respondent. Where the Respondent desires to advance a counterclaim against the Claimant, a comprehensive statement of the case and claim relating to the counterclaim signed by or on behalf of the Respondent must be included in the same document as the Statement of Defence and such document shall be entitled “Statement of Defence and Counterclaim”.

2. Without limiting its comprehensive nature, the Statement of Defence (and Counterclaim, if any) shall contain the following information:

   a) A confirmation or denial of the Claimant’s case and claims;

   b) A statement of the facts and sufficient particulars supporting the Respondent’s position in defending the case and claim;

   c) Copies of all documents relied upon in the statement of facts and sufficient particulars;
d) Copies of any other documents considered relevant to the Respondent’s defence;

e) The contentions of fact and law supporting the Respondent’s position and copies of any particular legal authority that the Respondent intends to rely upon;

f) An identification of agreement or disagreement to any documents produced by the Claimant in the Statement of Case and contentions on the reasons for disagreements; and

g) Where a counterclaim is advanced by the Respondent, the same kind of information and documents that the Claimant is obliged to provide under these Rules in relation to the Statement of Case.

3. Within 7 days of receipt of the Respondent’s Statement of Defence (and counterclaim, if any), the Claimant shall deliver to the arbitral tribunal and the Respondent a comprehensive “Statement of Reply” to the Respondent’s defence signed by or on behalf of the Claimant. Where the Respondent has advanced a counterclaim against the Claimant, a comprehensive statement of defence to the Respondent’s counterclaim signed by or on behalf of the Claimant must be included in the same document as the Statement of Reply and such document shall be entitled “Statement of Reply and Defence to Counterclaim”.

4. Without limiting its comprehensive nature, the Statement of Reply (and Defence to Counterclaim, if applicable) shall contain the following information:
a) A confirmation or denial of the Respondent’s defence;

b) A statement of the facts and sufficient particulars supporting the Claimant’s position in replying to the Respondent’s defence;

c) Copies of all documents relied upon in the statement of facts and sufficient particulars;

d) Copies of any other documents considered relevant to the Claimant’s reply;

e) The contentions of fact and law supporting the Claimant’s position and copies of any particular legal authority that the Claimant intends to rely upon;

f) An identification of agreement or disagreement to any documents produced by the Respondent in the Statement of Defence and contentions on the reasons for disagreements; and

g) Where a defence to counterclaim is advanced by the Claimant, the same kind of information and documents that the Respondent is obliged to provide under these Rules in relation to the Statement of Defence.

5. If the Respondent does advance a counterclaim and the Claimant does deliver a Statement of Reply and Defence to Counterclaim, then within 7 days of receipt of the Claimant’s Statement of Reply and Defence to Counterclaim, the Respondent shall deliver to the arbitral tribunal and the Claimant a comprehensive Statement of Reply (“Respondent’s Reply”) containing the same kind
of information and documents that the Claimant is obliged to provide under these Rules in relation to the Statement of Reply.

6. If the Respondent does not advance a counterclaim, then within 7 days of receipt of the Claimant’s Statement of Reply, the Respondent shall deliver to the arbitral tribunal and the Claimant an identification of agreement or disagreement to any documents produced by the Claimant in the Statement of Reply and contentions on the reasons for disagreements, signed by or on behalf of the Respondent.

7. If there is a Respondent’s Reply, then within 7 days of receipt of the Respondent’s Reply, the Claimant shall deliver to the arbitral tribunal and the Respondent an identification of agreement or disagreement to any documents produced by the Respondent in the Respondent’s Reply and contentions on the reasons for disagreements, signed by or on behalf of the Claimant.

Article 9
Documents-only Arbitration

1. Where parties agree expressly in writing to a documents-only arbitration, the arbitral tribunal shall, upon receipt of the final document delivered under Article 8 above, proceed to consider the dispute and publish the award in accordance with these Rules.

2. Physical attendance by parties for a substantive oral hearing is not required in a documents-only arbitration unless, in exceptional circumstances,
the arbitral tribunal deems it necessary for the resolution of the dispute.

3. Where the aggregate amount of the claim and/or counter claim in dispute is less than USD75,000.00 or is unlikely to exceed USD75,000.00 for an international arbitration; or is less than RM150,000.00 or is unlikely to exceed RM150,000.00 in a domestic arbitration, the arbitration shall proceed as a documents-only arbitration, unless the arbitrator deems it necessary to proceed by way of substantive oral hearing upon consultation with the parties.

**Article 10**  
**Case Management Meeting**

1. Where the arbitration is not a documents-only arbitration, the arbitral tribunal shall convene a meeting to be attended by all parties (“Case Management Meeting”) no later than 8 weeks from the date of commencement of the arbitration. Case Management Meetings may be conducted through a meeting in person, by video conference, by telephone or by any other means of communications as agreed by the parties or failing which, as determined by the arbitral tribunal.

2. At the Case Management Meeting, the arbitral tribunal shall enquire into the status of the arbitration and shall consider directions for the further conduct of the arbitration. In addition to the powers and jurisdiction of the arbitral tribunal as stated in these Rules, the arbitral tribunal shall also give:
a) Directions for the production and exchange of any statements of case, defence or reply or the compliance of any other preceding procedure in these Rules (if parties have failed to exchange such statements or comply with such procedure within the time prescribed by these Rules) to be done at such shorter number of days than that prescribed under these Rules for the party that failed to do so in the first instance. In any event, such time shall be no longer than the periods prescribed under these Rules;

b) Directions that any substantive oral hearings are to be held at the premises of the Centre unless parties agree otherwise;

c) Directions as to the procedure and process for the substantive oral hearings as may be necessary for the expedient determination of the dispute(s) in the reference based on the powers and jurisdiction given to the arbitral tribunal under these Rules;

d) Directions that all or any applications for further directions or orders be delivered to the arbitral tribunal no later than 7 days from the date of the delivery of the Statement of Reply, (if such statement has not already been exchanged in accordance with these Rules), or 14 days from the date of the Case Management Meeting (if such applications have not by such time already been delivered to the arbitral tribunal) and directions that such application(s) must be supported by a statement signed by or on behalf of the party setting out the grounds for the application and
all relevant supporting documents. The arbitral tribunal shall then direct accordingly on the procedure for the expeditious determination of such application(s);

e) Directions that any and all applications for further directions delivered to the arbitral tribunal after the time limit stipulated in Article 10 Rule 2(d) may be refused by the arbitral tribunal on the sole ground that they were not delivered in accordance with the said time limits. The arbitral tribunal may however consider applications for further directions delivered after the time limit stipulated in Article 10 Rule 2(d) if the arbitral tribunal is of the view that the application is necessary for the fair disposal of the arbitration.

3. Where the arbitration is not a documents-only arbitration, the arbitral tribunal may if appropriate in all the circumstances, dispense with the Case Management Meeting but shall no later than 8 weeks after commencement of the arbitration, issue such directions as are necessary or expedient under Article 10 Rule 2.

Article 11
Substantive Oral Hearings

1. Where the arbitration is not a documents-only arbitration, the arbitral tribunal shall direct that the substantive oral hearings be conducted as soon as reasonably possible and in any event to commence not more than 20 days after the conclusion of all the procedures and processes preceding the substantive oral hearings and that the substantive oral hearings be completed no later than 125
days from the commencement of the arbitration. The arbitral tribunal shall also direct that the substantive oral hearings does not exceed a period of 6 working days.

2. The arbitral tribunal may, if so agreed by the parties, direct a shorter period for the commencement of the substantive oral hearings from the conclusion of all the procedures and processes preceding the substantive oral hearings and/or, direct a shorter period for the completion of the substantive oral hearings from the commencement of the arbitration and/or, direct a shorter period for the substantive oral hearings itself.

3. The parties agree to cooperate and take every opportunity to save time where possible in order to achieve the maximum periods stated in Article 11 Rule 1 above.

4. All parties may, with the agreement of the arbitral tribunal, extend the maximum periods stated in Article 11 Rule 1 above up to a further maximum of 10 days in relation to the commencement of the substantive oral hearings from the conclusion of all the procedures and processes preceding the substantive oral hearings and/or a further maximum of 30 days in relation to the completion of the substantive oral hearings from the commencement of the arbitration. The period for the substantive oral hearings itself may only be extended by a further maximum of 4 working days with the agreement of the parties and the arbitral tribunal.
Article 12
Award

1. Due to the overriding interest of an expeditious determination of the dispute(s) in the reference as a whole, the parties agree that they shall not apply for an interim award under these Rules. In addition, the parties further agree that Section 41 of the Act is opted out of the parties’ arbitration agreement.

2. The arbitral tribunal may hear the following applications for rulings and shall be empowered to determine the following:

a) Applications for permission to amend the aforesaid statements or other documents delivered in the arbitration;

b) Applications for specific disclosure of documents and facts;

c) Such further or other applications for directions as may appear to the arbitral tribunal to be necessary for the fair and expedient resolution of the dispute under arbitration; and

d) Without prejudice to the general powers conferred on the arbitral tribunal under Article 6 Rule 5, make orders as to costs in relation to Article 12 Rule 2 (a) to (c) above.

In considering any applications under this Rule, the arbitral tribunal shall have due regard to ensuring a fair and expeditious determination of the disputes in reference as a whole.
3. The award shall state the reasons upon which it is based. The award shall be signed by the arbitral tribunal and shall contain the date and place in which the award was made.

4. With regard to a documents-only arbitration, the arbitral tribunal shall publish the final award expeditiously and no later than 90 days from the commencement of the arbitration.

5. With regard to an arbitration with a substantive oral hearing, the arbitral tribunal shall publish the final award expeditiously and no later than 160 days from the commencement of the arbitration subject to such equivalent extensions as may have been agreed by the parties and the arbitral tribunal under Article 11 Rule 4.

**Article 13**

**Extension of Time for the Award**

1. If it appears to the arbitral tribunal that the final award may not be published within the time limits provided in these Rules, the arbitral tribunal shall no later than 14 days before the lapse of the said time limit notify the Director and the parties in writing explaining and justifying the reasons for the delay, state the revised estimated date of publication of the award and seek the Director’s prior consent for such an extension of time for the publication of the award.
Article 14
Costs and Expenses of the Arbitration

1. The term “costs” includes only:

   a) The fees of the arbitral tribunal to be stated separately as to each arbitrator and to be fixed by the arbitral tribunal itself in accordance with Article 19;

   b) The reasonable travel and other expenses incurred by the arbitrators;

   c) The reasonable costs of expert advice and of other assistance required by the arbitral tribunal;

   d) The reasonable travel and other expenses of witnesses to the extent such expenses are approved by the arbitral tribunal;

   e) The legal and other costs incurred by the parties in relation to the arbitration to the extent that the arbitral tribunal determines that the amount of such costs is reasonable.

2. Costs shall be awarded on a summary and commercial basis and in such manner and amount as the arbitral tribunal shall in its absolute discretion consider fair, reasonable and proportional to the matters in dispute. The arbitral tribunal shall specify the amount of such costs. There shall be no taxation or review by the High Court of such costs, fees and expenses.
3. The parties’ recoverable costs are capped so that neither party shall be entitled to recover more than a sum equivalent to 30% of the total amount of claim and counterclaim (if any) in a documents-only arbitration and 50% in an arbitration with substantive oral hearing. For avoidance of doubt, these percentages are maximum figures and the arbitral tribunal may however at any time, and in its absolute discretion, cap the parties’ costs to some lesser percentage.

4. If declaratory or other non-monetary relief is sought the arbitral tribunal will, following completion of opening submissions and in its sole discretion, decide what overall cap on costs is to apply.

5. To enable the arbitral tribunal to assess costs, each party will provide a breakdown of those costs as soon as the arbitral tribunal is in a position to proceed to its award.

**Article 15**

**Waiver of Objections and Time for Challenge**

1. For the purposes of Section 7 of the Act, the time limit for any objection is 7 days.

2. For the purposes of Section 15(1) of the Act, the time limit for any challenge in accordance with the said provision is 7 days.
Article 16
Exclusions

1. Parties agree not to hold the Centre, its officers, employees, agents and committees responsible or liable for anything done or omitted to be done in the discharge or purported discharge of any power, function or duty under these Rules or in connection with any arbitral tribunal or arbitration under these Rules.

Article 17
Ex- parte Hearings

1. If without sufficient cause a party fails to attend or be represented at any of the oral hearings of which due notice was given or where a party fails after due notice to submit written evidence or lodge written submissions, the arbitral tribunal may continue the proceedings in the absence of that party or as the case may be, without any written evidence or written submission on his behalf, and deliver an award on the basis of the evidence before the arbitral tribunal.

Article 18
Confidentiality

1. The parties and the arbitral tribunal shall at all times treat all matters relating to the arbitration and the award as confidential. A party or any arbitrator shall not, without the prior written consent of the other party or the parties, as the case may be, disclose to a third party any such matter except:
a) For the purpose of making an application to any competent court;

b) For the purpose of making an application to the courts of any State to enforce the award;

c) Pursuant to the order of a court of competent jurisdiction;

d) In compliance with the provisions of the laws of any State which is binding on the party making the disclosure; or

e) In compliance with the request or requirement of any regulatory body or other authority which, if not binding nonetheless would be observed customarily by the party making the disclosure.

Article 19
Arbitral Tribunal’s Fees

1. The Director of the Centre shall fix the fees of the arbitral tribunal in accordance to the Schedule of Fees.

a) As a general rule, the USD scale in Appendix A1 is intended to apply to international arbitrations whereas the RM scale in Appendix A2 is intended to apply to domestic arbitrations.

2. The fees of the arbitral tribunal are inclusive of the Centre’s administrative costs. The Centre’s administrative costs shall be (20%) of the arbitral tribunal’s fees. The Centre’s administrative costs shall be deducted from (and not added to) the arbitral tribunal’s fees.
3. The fees of the arbitral tribunal and the Centre’s administrative costs above may, in exceptional or unusual or unforeseen circumstances, be adjusted from time to time at the discretion of the Director of the Centre.

4. For the purpose of calculating the amount in dispute, the value of any counterclaim and/or set-off will be added to the amount of the claim.

5. Where a claim or counterclaim does not state a monetary amount, an appropriate value for the claim or counterclaim shall be determined by the Director of the Centre in consultation with the arbitral tribunal and the parties for the purpose of computing the arbitrator’s fees and the administrative costs.

6. Pursuant to Article 19 Rule 1 and 2 above and from time to time thereafter, the Director of the Centre shall notify and require the parties to provide a deposit each or further supplementary deposits towards the applicable fees and administrative costs. The parties shall within 14 days of receipt of such requests pay such deposits directly to the Centre, providing that at no time shall the Centre request for deposits which collectively surpass the fees applicable.
Article 20
Deposits and Payment

1. The Director may apply the deposits towards the fees and expenses of the arbitral tribunal and the Centre’s administrative costs in such manner and at such times as the Director thinks fit. Any interest which may accrue on such deposits shall be retained by the Centre.

2. If any party fails or refuses to pay its portion of the deposit or supplementary deposit as requested, the Centre shall so inform the parties in order that any other party may make the requested payment. If such a payment is then not made by the other party within 14 days of being informed by the Centre (and if no payment has been forthcoming from the defaulting party), the arbitral tribunal may at his exclusive discretion either:

   a) Proceed with the arbitration and the hearings and exercise a lien over the award until all payments of any outstanding deposit or supplementary deposit has been paid by the defaulting party or by any other party; or

   b) Suspend or terminate the arbitration proceedings or any part thereof until and unless all deposits requested has been paid by the defaulting party or by any other party.

3. Upon any award being published, the arbitral tribunal shall submit 5 sealed copies of the award with the Centre and notify the parties that either party may take up the award upon full settlement of the cost of the award to the Centre.
4. In the event of a mutual settlement of issues or disputes between the parties before the award is made, the parties shall be jointly and severally responsible to pay to the arbitral tribunal any outstanding sums towards the applicable fees including if any deposits paid prior to the mutual settlement, if any, are found to be insufficient to cover the applicable fees. This rule applies irrespective of whether or not a consent award is required to be made or delivered.

5. If the whole arbitration or any issue is settled at the pre-hearing stage reducing the quantum claimed then the fee applicable is to be recalculated on the new quantum and 40% of the difference between the new applicable fees and the previous applicable fees becomes payable within 14 days. If the settlement occurs during the hearing or after the hearing but before the award, 80% of the applicable fee is payable or if an issue is settled reducing the quantum claimed then 80% of the difference between the new applicable fees and the previous applicable fees becomes payable within 14 days.

6. The parties shall remain jointly and severally liable to the Centre and the arbitral tribunal for payment of all fees and expenses until they have been paid in full even if the arbitration is abandoned, suspended or concluded, by agreement or otherwise before the final award is made.
Article 21
Correction of the Award

1. Within 14 days of receipt of an award, any party upon written notice to the others may request the arbitral tribunal to correct any errors of computation, any clerical or typographical errors, slips or omissions in the award and the arbitral tribunal may within 14 days of receipt of the request make such corrections to the award. This does not prevent the arbitral tribunal of his or her own volition from making such limited corrections to the award within 21 days of the delivery of the award to the parties (or any party as the case may be). All corrections to the award shall be in writing and shall form part of the award.
Part II

SCHEDULES OF FEES AND ADMINISTRATIVE COSTS (Revised in 2014)
**Arbitral Tribunal’s Fees**

INTERNATIONAL ARBITRATION

**Appendix A1**
Sum in Dispute (Claim + Counterclaim) = Fixed Sum

<table>
<thead>
<tr>
<th>Amount In Dispute (USD)</th>
<th>Arbitrator’s Fees (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 50,000</td>
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</tr>
<tr>
<td>Over 100,000,000</td>
<td>124,100</td>
</tr>
</tbody>
</table>
DOMESTIC ARBITRATION

Appendix A2
Sum in Dispute (Claim + Counterclaim) = Fixed Sum

<table>
<thead>
<tr>
<th>Amount In Dispute (RM)</th>
<th>Arbitrator’s Fees (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 150,000</td>
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<td>372,300</td>
</tr>
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* The arbitral tribunal’s fees are inclusive of the Centre’s administrative costs. The Centre’s administrative costs shall be 20% of the arbitral tribunal’s fees.

* The fees payable to the arbitral tribunal do not include any possible taxes such as service tax, withholding tax, Goods and Services Tax (where applicable) and other taxes or charges applicable to the arbitral tribunal’s fees. Parties have a duty to pay any such taxes or charges; however the recovery of any such taxes or charges is a matter solely between the arbitral tribunal and the parties.
KLRCA Fast Track Model Arbitration Clause

To ensure that the parties’ intention to arbitrate using the KLRCA Fast Track Arbitration Rules is fulfilled, KLRCA recommends the following Model Arbitration Clause:

“Any dispute, controversy or claim arising out of or relating to this contract, or the breach, termination or invalidity thereof shall be settled by arbitration in accordance with the KLRCA Fast Track Arbitration Rules.”

Form of Agreement

Parties wishing to substitute an existing arbitration clause for one referring the dispute to arbitration under the KLRCA Fast Track Arbitration Rules may adopt the following form of agreement:

“The parties hereby agree that the dispute arising out of the contract dated [insert date of contract] shall be settled by arbitration under the KLRCA Fast Track Arbitration Rules.”

This form may also be used where a contract does not contain an arbitration clause and the parties wish to have an ad hoc submission to arbitration.

The Centre’s administrative costs payable include any possible taxes such as service tax, withholding tax, Goods and Services Tax and other taxes or charges applicable to the Centre’s administrative costs. Parties have a duty to pay any such taxes or charges; however the recovery of any such taxes or charges is a matter solely between the parties.

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Non-Refundable Registration Fee</td>
<td>RM250.00/USD100.00</td>
</tr>
<tr>
<td></td>
<td>(Article 3 Rule 3 – payable immediately upon delivery of Notice of Arbitration)</td>
<td></td>
</tr>
<tr>
<td>2.</td>
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<td></td>
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KLRCA Fast Track Model Arbitration Clause
Part III

GUIDE TO KLRCA
FAST TRACK
ARBITRATION
RULES
1. **What are the KLRCA Fast Track Arbitration Rules?**

The KLRCA Fast Track Arbitration Rules are designed for parties who wish to obtain an award in the fastest way with minimal costs. The Rules provide that arbitration (with a substantive oral hearing) must be completed within a maximum of 160 days and tried before a sole arbitrator (unless parties prefer a larger panel). The Rules also caps the tribunal’s fees and recoverable costs to a fixed scale. Other attractive features also include tighter obligations for disclosure so as to avoid surprises and controlled usage of expert evidence to ensure that the parties and tribunal are focused only on specific issues.

2. **Where can I find the KLRCA Fast Track Arbitration Rules model clause?**

One of the essential requirements for dispute resolution through arbitration is the existence of an arbitration agreement between the parties. An arbitration agreement must be in the form of an arbitration clause in an agreement or in the form of a supplementary agreement.

KLRCA’s Fast Track Arbitration Rules model clause, which is recognisable and enforceable internationally, is as follows:

“Any dispute, controversy or claim arising out of or relating to this contract, or the breach, termination or invalidity thereof shall be settled by arbitration in accordance with the KLRCA Fast Track Arbitration Rules.”
Any party who wants to substitute an existing arbitration clause for one referring the dispute to arbitration under the KLRCA Fast Track Arbitration Rules may adopt the following form of agreement:

“The parties hereby agree that the dispute arising out of the contract dated [insert date of contract] shall be settled by arbitration under the KLRCA Fast Track Arbitration Rules.”

This form may also be used where a contract does not contain an arbitration clause and parties wish to have an ad hoc submission to arbitration.

3. Is there a difference between the KLRCA Fast Track Arbitration Rules and the KLRCA Arbitration Rules?

Yes, there are several areas which differ:

**Number of Arbitrators**

Unless the parties agree otherwise, an arbitration conducted under KLRCA Arbitration Rules is heard by a panel of 3 arbitrators whereas arbitration under the KLRCA Fast Track Arbitration Rules will be conducted by a sole arbitrator (cf. Article 4).

**Documents-only Hearing**

Under the KLRCA Fast Track Arbitration Rules, claims which are less than/unlikely to exceed RM150,000.00 (in a domestic arbitration) and USD75,000.00 (in an international arbitration) shall immediately proceed as a documents-only arbitration unless a substantive oral hearing is deemed necessary by the arbitrator upon consultation with the parties.
**Time Frames**
The time frames for submission of statements, hearings and the making of awards differ. Arbitration under the KLRCA Fast Track Arbitration Rules must be completed within a maximum of 160 days whereas arbitrations under the KLRCA Arbitration Rules are estimated to take between a year (365 days) to a year and a half (547 days) to be completed.

**Costs**
Arbitration under the KLRCA Fast Track Arbitration Rules is more cost effective. Furthermore, the rules have been drafted so as to make the assessment of costs more predictable. The KLRCA Fast Track Arbitration Rules comprises a schedule of Arbitrator’s Fees which arbitrators must have regard for albeit are not bound by while fixing fees. Also, the costs of arbitrations under the KLRCA Fast Track Arbitration Rules are capped. For documents-only hearings, costs must not exceed 30% of the total amount of the claim and for an arbitration with substantive oral hearing, costs must not exceed 50% of the total amount claimed. For more information on costs and fees (cf. Articles 14 and 19).

**Evidence**
In view of expediency, the KLRCA Fast Track Arbitration Rules restricts the use of expert evidence or supplementary expert evidence. In order for such evidence to be adduced as evidence, the party wishing to do so must first request for permission or leave from the arbitral tribunal within 14 days after the Statement of Reply or service/exchange of expert reports have been delivered.
4. **What type of disputes can be resolved by arbitration under the KLRCA Fast Track Arbitration Rules?**

The majority of disputes arise out of construction, commodities, insurance, maritime, energy and commercial disputes.

5. **What are the advantages in using the KLRCA Fast Track Arbitration Rules?**

If the arbitration clause does not mention the KLRCA Fast Track Arbitration Rules, the hearings are conducted according to existing arbitration laws and procedure. Incorporating the KLRCA Fast Track Arbitration Rules into your arbitration clause has great benefits. The Rules allow you to consolidate disputes, to avoid compelling arbitration in court, and to receive a quick award with minimal costs. You would also have the opportunity to be awarded legal fees and your share of the Panel's expenses.

6. **How much will it cost to arbitrate under the KLRCA Fast Track Arbitration Rules?**

The arbitration fee is divided into two categories – the administrative costs and the tribunal’s fee. The administrative costs are 20% of the tribunal’s fees and covers KLRCA’s cost of administering the arbitration.

The tribunal’s fee are divided into different scales for international and domestic arbitrations.
The schedule of fees and administration costs can be found in Part II of the KLRCA Fast Track Arbitration Rules. It is reproduced as follows:

**International Arbitration**
Sum in Dispute (Claim + Counterclaim) = Fixed Sum

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2. Appointment Fee RM400.00/USD150.00
   [Article 4 Rule 5 - payable upon delivery of request for appointment of an arbitral tribunal]

7. Are parties restricted to appointing arbitrators from KLRCA’s panels of arbitrators when arbitrating under the KLRCA Fast Track Arbitration Rules?

No, there are no restrictions imposed and parties are free to appoint arbitrators of their choice. However, in the event that parties cannot come to an agreement or decide (cf. Article 4), the Director of the KLRCA will then refer to KLRCA’s panel of arbitrators to make a suitable appointment. KLRCA has an open panel of over 800 domestic and international arbitrators. As a pre-requisite, KLRCA requires for its panellists to obtain fellowship with CIArb. KLRCA’s panellists are also veterans in various specialised industries.

8. How do I commence arbitration proceedings under the KLRCA Fast Track Arbitration Rules?

Provided there is a prior agreement for reference to arbitration under the KLRCA Fast Track Arbitration Rules, parties may refer unresolved disputes to KLRCA for arbitration.
The Claimant shall be required to issue a notice in writing to the Respondent stating its intention to commence an arbitration under these Rules and a copy must be delivered to the Director.

9. **What if is determined midway through the arbitration proceedings that the quantum of claim is more or less than the original estimation?**

If the quantum of the claim or counterclaim is more than the initial estimation, the Director will direct the Claimant or the Respondent, as the case may be, to pay the additional fees before the case may proceed. However, if the quantum of the claim or counterclaim is less than the initial estimation, the additional tribunal fees paid will be refunded to the parties upon issuance of the award, subject to the discretion of the Director.

10. **How is the seat of arbitration determined?**

Pursuant Article 6 Rule 2 of the Rules, the seat of arbitration shall be Malaysia. The law of the arbitration under these Rules shall be the Malaysian Arbitration Act 2005 (Amendment 2011) or any statutory modification or re-enactment of the Act.
11. Does KLRCA have the experience and expertise to administer arbitrations in specialised sectors?

Yes, KLRCA has vast experience in administering arbitrations in specialised industries. However, unlike other Centres, KLRCA does not think it is necessary to launch a specialised division to cater to different specialised industries. This is because the Rules were already drafted in consultation with various specialised industries for example, the maritime sector. Its rules of arbitration were tailored to govern not only ordinary commercial disputes but also specialised sectors, taking into account the nature of the industry.

In addition, KLRCA’s panel consists of distinguished industry experts, ranging from the construction, energy, maritime and commercial sectors.
KUALA LUMPUR REGIONAL CENTRE FOR ARBITRATION

(ESTABLISHED UNDER THE AUSPICES OF THE ASIAN-AFRICAN LEGAL CONSULTATIVE ORGANISATION)

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Fast Track Arbitration Rules