LAW OF THE REPUBLIC OF AZERBAIJAN

ON ARBITRATION

This Law, in accordance with the 6th, 10th, 12th and 26th clauses of Part I of Article 94 of the Constitution of the Republic of Azerbaijan, regulates public relations arising in connection with conduct of arbitration, sets forth the requirements for arbitration agreements, and lays down the rules for the organization and operation of arbitral tribunals and permanent arbitral institutions, conduct of arbitral proceedings, as well as the recognition and enforcement of arbitral awards in the Republic of Azerbaijan.

Chapter 1

GENERAL PROVISIONS

Article 1. Definitions

1.1. The main terms used in this Law shall have the following meanings:

1.1.1. arbitration – means a procedure by virtue of which a dispute is submitted for a legally binding determination by an arbitral tribunal, whether or not administered by a permanent arbitral institution;

1.1.2. arbitral tribunal – means a sole arbitrator or a panel of arbitrators;

1.1.3. arbitration agreement – means an agreement of the parties to submit to arbitration all or certain disputes which have arisen or which may arise between them, whether arising out of contract or not;

1.1.4. international arbitration – means an arbitration as set forth under Article 4.3 of this Law;

1.1.5. domestic arbitration – means any arbitration which is not international arbitration;

1.1.6. foreign arbitral tribunal – means arbitral tribunal with the place of arbitration in a foreign country;

1.1.7. local arbitral tribunal – means arbitral tribunal with the place of arbitration in the Republic of Azerbaijan;

1.1.8. electronic information – means information generated, sent, received or stored by electronic, magnetic, optical or similar means, including but not limited to, electronic data interchange, electronic mail, telegram, telex or telefax;

1.1.9. place where a person is – means, in respect of an individual, his/her place of habitual residence, and, in respect of a legal entity, the place where that legal person is headquartered.

Article 2. Legislation of the Republic of Azerbaijan on arbitration

The legislation of the Republic of Azerbaijan on arbitration consists of the Constitution of the Republic of Azerbaijan, international agreements to which the Republic of Azerbaijan is a party, this Law, the Civil Procedural Code of the Republic of Azerbaijan, the Law of the Republic of Azerbaijan "On Private International Law" and other normative legal acts of the Republic of Azerbaijan.

Article 3. Interpretation of this Law

3.1. Where this Law (except for Article 48 of this Law) gives right to the parties to determine a certain issue, the parties may authorize a third party, including an institution, to make that determination.

3.2. Where this Law refers to the fact that the parties have agreed or that they may agree, such agreement includes the arbitration rules referred to in that agreement.

3.3. Where this Law (except for Articles 44.1.1 and 52.2.1 of this Law) refers to a claim, such reference shall also apply to a counterclaim, and where it refers to a statement of defence, such reference shall also apply to a statement of defence to such counterclaim.

Article 4. Scope of application of this Law

4.1. This Law applies to international and domestic arbitration where the place of arbitration is in the Republic of Azerbaijan.

4.2. Articles 10, 13, 17, 18, 32, 33, 34, 46, 48.5, 55 and 56 of this Law shall also apply where the place of arbitration is in a foreign country or not determined.

4.3. An arbitration is international in any of the following cases:

4.3.1. when, at the time of the conclusion of that agreement, the parties to the arbitration arrangement (agreement) (hereinafter referred to as the arbitration agreement) have their places of business in different states;

4.3.2. when one of the following places is situated outside of the state in which the parties have their places of business:

4.3.2.1. the place of arbitration if determined in, or pursuant to, the arbitration agreement;

4.3.2.2. the place where the substantial part of the obligations arising from the commercial relationship is to be performed or the place which the subject-matter of the dispute is most closely connected;

4.3.3. when the parties have definitively agreed that the subject matter of the arbitration agreement relates to more than one state.

4.4. For the purposes of Article 4.3 of this Law, the following rules shall apply:

4.4.1. when a party has place of business in more than one country, the place of business shall be considered the place having the closest relationship to the arbitration agreement;

4.4.2. if a party does not have a place of business, the place where that person (party) is shall be taken as a basis.

4.5. This Law does not affect any other laws of the Republic of Azerbaijan by virtue of which certain disputes may not be submitted to arbitration or may be submitted to arbitration in a manner different from that established in the provisions of this Law.

4.6. Questions concerning matters governed by this Law, which are not expressly settled herein shall be settled in accordance with the general principles on which arbitration is based.

4.7. Relations related to conduct of arbitral proceedings in the Alat Free Economic Zone are regulated in accordance with the requirements of the Law of the Republic of Azerbaijan "On the Alat Free Economic Zone".

Article 5. Receipt of written communications and calculation of time periods

5.1. The following rules apply to receipt of written communications:

5.1.1. written communication is deemed to have been received when it is delivered to the addressee personally or if it is delivered at his/her place of business, at the place where that person is, or mailing address. If none of these can be determined after making reasonable efforts, written communication is deemed to have been received when it is sent to the addressee's last known place of business, place where that person is or mailing address by registered mail or other means which provide a record of the attempt to deliver it;

5.1.2. communication is deemed to have been received on the day such communication is delivered in accordance with Article 5.1.1 of this Law.

5.2. For the purposes of this Law, the time period begins to run on the day following the date of receipt of written communication. If the last day of this period falls on a non-working day, the next working day shall be deemed the end of the period.

5.3. The provisions of Articles 5.1 and 5.2 of this Law do not apply to written communications in court proceedings.

5.4. The parties may determine different rules or requirements in respect of receipt of written communications and calculation of time periods.

Article 6. Notice of arbitration

6.1. The party (claimant) or parties (claimants) intending to initiate arbitral proceedings shall communicate to the other party (respondent) or parties (respondents) a notice of arbitration.

6.2. Arbitral proceedings shall be deemed to commence on the date of receipt of the notice of arbitration by the respondent.

6.3. The notice of arbitration includes the following:

6.3.1. the names (in respect of an individual, surname, first name, patronymic, or, in respect of a legal entity, its name) and contact details of the parties;

6.3.2. the arbitration agreement being invoked;

6.3.3. the contract or other legal instrument out of or in relation to which the dispute arises, or, in the absence of such contract or instrument, a brief description of the dispute;

6.3.4. a demand that the dispute be referred to arbitration;

6.3.5. subject of the claim;

6.3.6. the relief and the amount (if any) sought by the claimant;

6.3.7. a proposal as to the number of arbitrators, language and place of arbitration, if the parties have not previously agreed thereon.

6.4. In addition to the requirements of Article 6.3 of this Law, the notice of arbitration may also include a proposal for the appointment of a sole arbitrator or a panel of arbitrators, and proposal as to the administration of the dispute by a permanent arbitral institution.

6.5. Failure to comply with the requirements set forth in Article 6.3 of this Law in respect of the content of the notice of arbitration shall not prevent the dispute from being heard by the arbitral tribunal.

6.6. The parties may agree on different rules or requirements applicable to the notice of arbitration.

Article 7. Response to the notice of arbitration

7.1. The respondent may communicate to the claimant a response to the notice of arbitration within 30 (thirty) days from the date of his receipt of the notice of arbitration.

7.2. The response to the notice of arbitration includes the following:

7.2.1. the names (in respect of an individual, surname, first name, patronymic, or, in respect of a legal entity, its name) and contact details of the respondent;

7.2.2. a response to the information set forth in the notice of arbitration pursuant to Articles 6.3.3 and 6.3.5 - 6.3.7 of this Law.

7.3. The response to the notice of arbitration may also include:

7.3.1. a plea that the arbitral tribunal to be constituted in accordance with this Law lacks jurisdiction;

7.3.2. a proposal for the appointment of a sole arbitrator or a panel of arbitrators, and proposal as to the administration of the dispute by a permanent arbitral institution;

7.3.3. a brief description of counterclaims, the relief and the amount (if any) sought;

7.3.4. a notice of arbitration in accordance with Article 6 of this Law in case the respondent formulates a claim against a person other than the claimant.

7.4. Failure to comply with the requirements set forth in Article 7.2 of this Law in respect of the content of the response to the notice of arbitration, as well as respondent's failure to communicate a response to the notice of arbitration, or an incomplete or late response to the notice of arbitration, shall not prevent the dispute from being heard by the arbitral tribunal.

7.5. The parties may agree on different rules or requirements applicable to the response to the notice of arbitration.

Article 8. Waiver of right to object

If a party who knows that any provision of this Law or any requirement under the arbitration agreement has not been complied with proceeds with the arbitration without stating his/her objection to such non-compliance within the time-limit provided for such objection, or when such time-limit is not provided, within reasonable period of time, he/she shall be deemed to have waived his/her right to object.

Article 9. Limits of court intervention

Except where provided by this Law, no court shall intervene in matters governed by this Law.

Article 10. The court performing arbitration assistance and supervision functions

10.1. The functions referred to in Articles 18, 20.3.1, 20.3.2, 20.4, 20.6, 22.3, 23.1, 25.3, 34, 46, 54.2, 54.4, 54.6 and 57.2 of this Law shall be performed, in the territory of the Republic of Azerbaijan, by the commercial courts. In cases where the place of arbitration is in a foreign country or not determined, the functions of the court referred to in Articles 18, 34 and 46 of this Law shall be performed, in the territory of the Republic of Azerbaijan, by the commercial court the jurisdiction of which covers the city of Baku.

10.2. In international arbitration, subject to the agreement by the parties, if the place of arbitration is not determined and one of the parties has his/her place of business in the territory of the Republic of Azerbaijan, the functions of the court referred to Articles 20.3.1, 20.3.2, 20.4, 20.6, 22.3 and 23.1 of this Law shall be performed, in the territory of the Republic of Azerbaijan, by the commercial court the jurisdiction of which covers the city of Baku.

10.3. The functions of the court referred to in Articles 32, 33.1.1, 33.1.2 and 33.3 of this Law shall be performed, in the territory of the Republic of Azerbaijan, by the appellate court the jurisdiction of which covers the city of Baku.

10.4. The functions of the court referred to in Articles 55.1, 56.1.1, 56.1.2, 56.2 and 56.3 of this Law shall be performed, in the territory of the Republic of Azerbaijan, by the Supreme Court of the Republic of Azerbaijan.

Article 11. Permanent arbitral institutions

11.1. A permanent arbitral institution is responsible for administering arbitral proceedings, providing organizational support for arbitration, including appointing arbitrators, resolving requests concerning objections to them and termination of their authority (mandate), managing clerical work, organizing payments for arbitration costs and other expenses, except where these functions fall under the authorities of the arbitral tribunal.

11.2. A permanent arbitral institution is a non-commercial legal entity registered in accordance with the Law of the Republic of Azerbaijan "On State Registration and State Register of Legal Entities" and accredited by the body (institution) designated by the relevant executive authority. State bodies, municipalities, legal entities belonging to the state and municipalities, public legal entities (subject to Article 11.3 of this Law), political parties, religious organizations, the Bar Association, the Chamber of Notaries and the Mediation Council of the Republic of Azerbaijan are not permitted to establish permanent arbitral institutions.

11.3. Where mandated by laws, permanent arbitral institutions may be established by public legal entities entrusted with safeguarding the rights and legal interests of entrepreneurs.

11.4. The use of the term “arbitration court” in the name of a permanent arbitral institution is prohibited. The name of the permanent arbitral institution should not resemble that of the courts within the judicial system of the Republic of Azerbaijan and should not cause confusion or be able to mislead the public regarding their authorities.

11.5. During the accreditation process of a permanent arbitral institution, the following shall be evaluated: presence of arbitration rules compliant with the requirements set forth in this Law, an initial roster of arbitrators comprised of a minimum of 3 (three) arbitrators, independence of the permanent arbitral institution, existence of appropriate structural divisions as well as internal rules governing their activities, the institution’s possession of essential human and financial resources, along with the required infrastructure for managing arbitral proceedings, adoption of guidelines and policies for ethical conduct among employees, transparency in its operations and effective internal control.

11.6. The procedure for accrediting and revoking the accreditation of a permanent arbitral institution shall be determined by the body (institution) designated by the relevant executive authority.

11.7. The rules of the permanent arbitral institution shall outline the types of disputes administered by that institution, its functions, the procedure for conducting arbitral proceedings, the authorities of the arbitral tribunal and the permanent arbitral institution throughout the course of arbitral proceedings, establish criteria concerning the independence and impartiality of arbitrators, provide rules for calculating the costs associated with arbitration (including the amount of arbitral fees or the procedure for their determination) and their allocation, as well as address record-keeping and other matters pertinent to the functions of the permanent arbitral institution.

11.8. The provisions of Article 11 of this Law shall not apply to international or foreign permanent arbitral institutions.

Article 12. Ad hoc arbitration

12.1. Ad hoc arbitration is arbitration that is not administered by a permanent arbitral institution.

12.2. Ad hoc arbitration can only be organized in relation to international arbitration.

12.3. The rules governing the operation of ad hoc arbitration, as well as the rules regulating the conduct of arbitral proceedings, shall be determined by the agreement of the parties, subject to the provisions of this Law.

12.4. The parties to the dispute heard in the ad hoc arbitration court may agree to apply expedited arbitration rules to the arbitral proceedings. In the absence of a different agreement between the parties in respect of the applicable rules, the expedited arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL) shall apply.

Article 13. Arbitrable disputes

13.1. Except for disputes specified in Article 13.2 of this Law, commercial disputes, as well as all disputes in which the parties have the right to dispose of the subject matter and disputes that do not impact the rights and legal interests of third parties, may be resolved through arbitration.

13.2. Subject to the provisions of Article 13.3 of this Law, the following disputes cannot be resolved through arbitration:

13.2.1. matters related to criminal and administrative offenses;

13.2.2. matters arising out of administrative and other public legal relations;

13.2.3. disputes arising out of family relationships;

13.2.4. matters related to the legal status of a person;

13.2.5. labor disputes;

13.2.6. disputes in the field of environmental protection;

13.2.7. inheritance matters;

13.2.8. disputes related to determination and registration of intellectual property rights;

13.2.9. disputes arising in connection with competition law and protection of consumer rights, as well as consumer loans;

13.2.10. disputes related to ownership and other property rights over real estate located in the territory of the Republic of Azerbaijan;

13.2.11. matters related to insolvency and bankruptcy proceedings;

13.2.12. matters related to liquidation of a legal entity or challenging its decisions (where the legal entity has a legal address in the Republic of Azerbaijan);

13.2.13. disputes to which individual is a party (to the extent the dispute is not related to the entrepreneurial activity of that individual);

13.2.14. disputes involving claims against carriers arising out of contracts of carriage;

13.2.15. disputes concerning the lease of real estate located in the territory of the Republic of Azerbaijan.

13.3. Disputes specified in Articles 13.2.14 and 13.2.15 of this Law may be resolved by local arbitration tribunal.

Article 14. Requirements for an arbitrator in domestic arbitration proceedings

14.1. Individuals who are at least 25 years old, impartial to the dispute's outcome, independent of the parties involved, agree to act as arbitrators, hold a higher education degree and possess a minimum of 3 (three) years of professional work experience in their field, may serve as arbitrators.

14.2. In addition to the requirements mentioned in Article 14.1 of this Law, the sole arbitrator shall hold a law degree. In the case of a panel of arbitrators, unless otherwise agreed between the parties, the chairman of the tribunal shall hold a law degree.

14.3. The arbitration agreement or the rules of the permanent arbitral institution may specify additional requirements applicable to the arbitrator.

14.4. Members of the Parliament of the Republic of Azerbaijan and the Supreme Majlis of the Nakhchivan Autonomous Republic, civil servants, members of military personnel, members of municipalities and civil servants, employees of public legal entities, judges of the Republic of Azerbaijan, individuals who have been declared legally incompetent or with limited competency by the court, individuals with unpaid convictions or with convictions that have not been withdrawn, individuals which, in the last 3 (three) years until the date of commencement of the arbitral proceedings, as a result of previously committed serious violations or actions incompatible with service, have been discharged from military service

due to incompatibility with service, or due to being deprived of a military rank by court order or on the basis of disciplinary procedure, or have been expelled from law enforcement agencies, as well as individuals dismissed for cause from judicial service, civil service (including special types of civil service), labor relations in other non-civil service state bodies, notary service, state bar, or the mediators who have been removed from membership of the Mediation Council, cannot serve as arbitrators.

Article 15. Register of arbitrators

Permanent arbitral institutions may maintain a register of arbitrators, which shall include information about arbitrators.

Chapter 2

ARBITRATION AGREEMENT

Article 16. Form and interpretation of arbitration agreement

16.1. An arbitration agreement may be in the form of an arbitration clause in a contract or in the form of a separate agreement.

16.2. The arbitration agreement shall be in writing.

16.3. Arbitration agreement is deemed to be in writing if its content is recorded in any form, regardless of the form of the conclusion of the contract or the arbitration agreement.

16.4. The requirement that an arbitration agreement be in writing is met by an electronic information if the information contained therein is accessible for subsequent use.

16.5. The arbitration agreement is considered to be in writing if, during the exchange of the statement of claim and statement of defence, a party alleges the existence of an arbitration agreement and the other party does not object to it.

16.6. A reference in a contract to a document containing an arbitration clause is considered an arbitration agreement in writing, provided that such reference makes the said clause a part of the contract.

16.7. The arbitration rules referred to in the arbitration agreement are deemed to be part of the arbitration agreement.

16.8. Any ambiguity in interpreting the arbitration agreement shall be construed in favor of upholding the validity and existence of the arbitration agreement.

Article 17. Arbitration agreement and substantive claim before court

17.1. A court before which an action is brought in a matter which is the subject of an arbitration agreement shall, if an objection is received from any of the parties before the matter is considered on merits, stay the proceedings and refer the parties to arbitration, unless the arbitration agreement is manifestly void, manifestly inoperable or incapable of being performed. If such an objection is not received before the matter is considered on its merits, the court shall proceed with the case on its merits.

17.2. The party that failed to object may do so during the trial only if he/she is able to prove that he/she was unable to object before the matter was considered on its merits due to reasons beyond his/her control. In this case, the court should consider the objection in the manner specified in Article 17.1 of this Law.

17.3. Arbitral proceedings may be commenced or continued, and an arbitral award may be made, while the matter which is the subject of an arbitration agreement is pending before the court as provided under Article 17.1 of this Law.

Article 18. Interim measures by court

The parties may request the court, before or during arbitral proceedings, to grant interim measures, and the court may decide on granting such measures.

Chapter 3

COMPOSITION OF THE ARBITRAL TRIBUNAL

Article 19. Number of arbitrators

19.1. The parties are free to determine the number of arbitrators, provided that this number is odd.

19.2. In the absence of an agreement by the parties, the number of arbitrators shall be 3 (three).

Article 20. Appointment of arbitrators

20.1. Unless otherwise agreed by the parties, a person's nationality shall not preclude him/her from acting as an arbitrator.

20.2. Subject to provisions of Articles 20.4 - 20.6 of this Law, the parties are free to agree on a procedure of appointing the arbitrators.

20.3. In the absence of an agreement between the parties, the following rules shall apply:

20.3.1. In arbitral proceedings with a sole arbitrator, if the parties fail to agree on the arbitrator, upon request of any party, the arbitrator shall be appointed by the courts specified in Articles 10.1 and 10.2 of this Law.

20.3.2. In arbitral proceedings with three arbitrators, each party shall appoint one arbitrator, and the two appointed arbitrators shall, in turn, appoint a third arbitrator. If a party fails to appoint an arbitrator within 30 (thirty) days following the receipt of the other party's request for an appointment or if the two arbitrators fail to agree on the third arbitrator within 30 (thirty) days of their appointment, the arbitrator shall be appointed, upon request from any party, by the courts specified in Articles 10.1 and 10.2.

20.4. Where the parties have agreed on a procedure of appointing arbitrators and, provided that the agreement on the appointment procedure provides for no other rules, the parties may request the courts specified in Articles 10.1 and 10.2 of this Law to take necessary measures in the following cases:

20.4.1. when one party fails to adhere to the agreed procedure;

20.4.2. when the parties or two arbitrators are unable to reach an agreement in accordance with the agreed procedure;

20.4.3. when a third party fails to perform any function entrusted to it under the procedure.

20.5. The parties may delegate the appointment of arbitrators to a third party, in which case recourse to the courts for the appointment of arbitrators, as provided in Articles 20.3 and 20.4 of this Law, shall not be permissible.

20.6. Decisions on the matters provided in Articles 20.3 and 20.4 of this Law by the courts specified in Articles 10.1 and 10.2 of this Law are final and subject to no appeal. When appointing an arbitrator, the court shall have due regard to all necessary qualifications required of the arbitrator by the agreement of the parties, including requirements related to the arbitrator's independence and impartiality, and in the case of a sole arbitrator or a third arbitrator in international arbitration, take into account the advisability of appointing an arbitrator of a nationality other than those of the parties.

Article 21. Grounds for challenging the arbitrator

21.1. When a person is approached in connection with his/her possible appointment as an arbitrator, he/she must disclose any circumstances that could give rise to reasonable doubts as to his/her impartiality and independence. After the appointment and throughout the arbitral proceedings, the arbitrator must without delay inform the parties of such circumstances, unless they have already been informed of them.

21.2. An arbitrator may be challenged only in cases where there are circumstances that could give rise to reasonable doubts as to his/her impartiality and independence or when he/she does not meet the requirements agreed to by the parties. A party may challenge an arbitrator appointed by him/her or in whose appointment he/she has participated, only for reasons of which he/she became aware after the arbitrator's appointment.

Article 22. Procedure for challenging the arbitrator

22.1. The parties are free to agree on a procedure for challenging an arbitrator, subject to the provisions of Articles 22.3 and 22.4 of this Law.

22.2. In the absence of an agreement between the parties on the procedure for challenging, the party who intends to challenge an arbitrator shall, within 15 (fifteen) days from the date of the constitution of the arbitral tribunal or becoming aware of any of the grounds referred to in Article 21.2 of this Law, submit written statement to the arbitral tribunal, setting forth the reasons for the challenge. Unless the challenged arbitrator resigns from his/her role or the other party agrees to the challenge, the arbitral tribunal shall decide on the challenge.

22.3. If a challenge to the arbitrator in accordance with the procedure agreed upon by the parties or, in the absence of such an agreement, the procedure specified in Article 22.2 of this Law, is not successful, the challenging party may, within 30 (thirty) days of receiving the decision rejecting the challenge, request the courts specified in Articles 10.1 and 10.2 of this Law to decide on the challenge. Such a decision is final and is subject to no appeal. While such a request is pending, the arbitral proceedings may continue, and the arbitral award may be rendered.

22.4. If the parties have agreed to the administration of arbitral proceedings by a permanent arbitral institution, and unless the rules of that institution establish a different procedure, recourse to the courts to decide on the challenge, as provided in Article 22.3 of this law, shall not be permissible.

Article 23. Failure or impossibility to act

23.1. If an arbitrator is unable to perform his/her functions or fails to act without undue delay for any other reasons, his/her authority (mandate) shall terminate in cases where the arbitrator resigns from his/her role or when the parties agree on the termination. In case of a controversy concerning any of these grounds, each party may request the courts specified in Articles 10.1 and 10.2 of this Law to decide on the termination of the authority (mandate) of the arbitrator. The court's decision on the termination of the authority (mandate) of the arbitrator is final and subject to no appeal.

23.2. If the parties have agreed to the administration of arbitral proceedings by a permanent arbitral institution, and unless the rules of that institution establish a different procedure, recourse to the court to resolve the issue on the termination of the authority (mandate) of the arbitrator, as provided in Article 23.1 of this Law, shall not permissible.

23.3. The arbitrator's resignation from his/her role or the party's agreement to terminate the arbitrator's authority (mandate), in accordance with Articles 22.2 or 23 of this Law, respectively, shall not be construed as an acceptance of the grounds referred to in Articles 21.2 or 23 of this Law.

Article 24. Appointment of substitute arbitrator

If the authority (mandate) of an arbitrator terminates under Articles 22 or 23 of this Law, in the absence of a contrary agreement between the parties, a substitute arbitrator shall be appointed in accordance with the rules applicable to the appointment of the arbitrator being replaced.

Article 25. Competence of the arbitral tribunal to rule on its own jurisdiction

25.1. The arbitral tribunal may rule on its own jurisdiction, including with respect to the challenges to the existence or validity of the arbitration agreement. For that purpose, the arbitration clause which forms the part of the contract should be construed as an agreement independent of the other terms of the contract. A ruling by the arbitral tribunal that the contract is void does not entail *ipso jure* the invalidity of the arbitration clause.

25.2. Motions challenging the jurisdiction of the arbitral tribunal must be submitted concurrently with or before the statement of defence. A party that appoints an arbitrator or participates in the appointment of an arbitrator is not precluded from making such a motion. Challenges to the arbitral tribunal's exceeding its authority must be made without delay after the issue alleged to be beyond the tribunal's authority is raised during the arbitral proceedings. The arbitral tribunal may, in any case, admit the application if it considers the delay justified.

25.3. The arbitral tribunal may rule on the motion referred to in Article 25.2 of this Law as a preliminary question or in the award on merits. When the arbitral tribunal rules on its own jurisdiction as a preliminary question, each party may, within 30 (thirty) days of receiving notice of that ruling, request the courts specified in Articles 10.1 and 10.2 of this Law to decide on the matter. Decisions of the courts specified in Articles 10.1 and 10.2 of this Law that the arbitral tribunal lacks jurisdiction can be appealed to the appellate court. The appellate court's decision is final and is subject to no appeal. While such appeal is pending, the arbitral tribunal may continue the arbitral proceedings and make an arbitral award.

25.4. If the parties have agreed to the administration of arbitral proceedings by a permanent arbitral institution, and unless the rules of that institution establish a different procedure, recourse to the courts to resolve the issue of the arbitral tribunal's jurisdiction, as provided in Article 25.3 of this Law, shall not permissible.

25.5. In the absence of the agreement by the parties on the law applicable to the arbitration agreement (including its validity, formation, termination, interpretation, assignment of rights and obligations contained in the arbitration agreement to another party, and similar matters), the law applicable to the arbitration agreement shall be determined by the arbitral tribunal.

Article 26. Liability of arbitrators

26.1. Arbitrators are exempt from paying for damages incurred in the performance of their functions, provided that they have carried out their functions in good faith.

26.2. An arbitrator shall incur no liability for resignation from his/her role or failure to act, unless such resignation or failure is proven to be unreasonable.

Chapter 4

INTERIM MEASURES

Article 27. Power of the arbitral tribunal to order interim measures

27.1. Unless otherwise agreed by the parties, the arbitral tribunal may, at the request of a party, grant interim measures.

27.2. The arbitral tribunal may order the parties to the dispute to:

27.2.1. maintain or restore the status quo pending resolution of the dispute;

27.2.2. take measures to prevent, or refrain from taking action that is likely to cause, harm to the arbitral proceedings;

27.2.3. to ensure the preservation of assets out of which a final award may be satisfied;

27.2.4. to preserve evidence that may be relevant or material to the resolution of the dispute.

27.3. Absent other agreement between the parties, the arbitral tribunal shall notify the party against whom such measures are directed before the interim measures are granted, except where prior disclosure of such request would frustrate the purpose of the interim measure requested.

27.4. Immediately after granting an interim measure, the arbitral tribunal shall inform the parties of such measure, of the request for application of such measure, of the decision granting interim measures and, if available, of all other communications between the parties and the arbitral tribunal, including by indicating the content of any oral communication.

Article 28. Conditions for granting interim measures

28.1. The party requesting interim measures referred to in Articles 27.2.1 - 27.2.3 of this Law shall prove to the arbitral tribunal the existence of the following circumstances:

28.1.1. harm that would result if such measure is not granted will not be reparable by a final arbitral award, and such harm substantially outweighs the damage that could be caused if the measure is granted;

28.1.2. there is reasonable probability that the requesting party shall prevail on merits. The determination of such probability shall not affect the discretion of the arbitral tribunal in making any subsequent determination.

28.2. With regard to a request for an interim measure under in Article 27.2.4, the requirements of Articles 28.1.1 and 28.1.2 of this Law shall be applied to the extent the arbitral tribunal deems appropriate.

28.3. The arbitral tribunal may require the party requesting an interim measure to provide security in connection with the measure.

Article 29. Modification, suspension and termination of interim measures

The arbitral tribunal may modify, suspend or terminate an interim measure upon application of any party or, in exceptional circumstances and upon prior notice to the parties, on the arbitral tribunal's own initiative.

Article 30. Disclosure of information relevant to the application of interim measures

The arbitral tribunal may require any party to disclose as soon as possible any material change in the circumstances on the basis of which the interim measure was granted.

Article 31. Costs and damages in connection with the application of interim measures

The party requesting an interim measure shall be liable for any costs and damages caused by the measure if the arbitral tribunal later determines that there were no grounds for such measure to be granted. The arbitral tribunal may award such costs and damages at any stage of the arbitral proceedings.

Article 32. Recognition and enforcement of decisions of arbitral tribunals on granting of interim measures

32.1. Irrespective of the country in which it was issued, subject to the provisions of Article 33 of this Law, the decision of the arbitral tribunal granting interim measure shall be recognized as binding and, unless otherwise provided by the arbitral tribunal, shall be enforced upon application to the court to specified in Article 10.3 of this Law.

32.2. The party who is seeking or has obtained recognition or enforcement of the decision granting interim measures, shall immediately inform the court of any termination, suspension or modification of such interim measures.

32.3. If the arbitral tribunal has not already made a determination with respect to security, or where such a decision is necessary to protect the rights of third parties, the court where recognition or enforcement is sought may, if it deems it appropriate, order the requesting party to provide appropriate security.

32.4. Requests to recognize and enforce the decisions of an arbitral tribunal granting interim measures shall be submitted to the court in the manner specified in Article 55.2 of this Law.

Article 33. Grounds for refusing recognition or enforcement of decisions of arbitral tribunals granting interim measures

33.1. Recognition or enforcement of decisions of arbitral tribunals granting interim measures may be refused in the following cases:

33.1.1. when, at the request of the party against whom such decision is directed, the court determines:

33.1.1.1. the existence of any of the grounds mentioned in Articles 56.1.1.1 - 56.1.1.4 of this Law (except, in relation to Article 56.1.1.2 of this Law, the circumstances referred to in Article 27.3 of this Law);

33.1.1.2. that the arbitral tribunal's decision with respect to the provision of security in connection with the interim measure has not been complied with;

33.1.1.3. that the interim measures have been suspended or terminated by the arbitral tribunal or, where competent, by the court of the country where the arbitration is held or by the court of the state pursuant to the laws of which the interim measures were granted;

33.1.2. when the court determines that:

33.1.2.1. the interim measure is not compatible with the powers of the court, except where the court can reformulate the interim measure without modifying its substance in order to adapt it to its powers for the purposes of enforcing that measure;

33.1.2.2. any of the grounds set forth in Articles 56.1.2.1 and 56.1.2.2 of this Law apply to the recognition and enforcement of the interim measure.

33.2. Any determination made by the court on any ground in Article 33.1 of this Law shall be effective only for the purposes of the application to recognize and enforce the decision granting interim measure.

33.3. The court where recognition or enforcement is sought shall not, in making that determination, undertake a review of the substance of the interim measure.

Article 34. Court-ordered interim measures

Upon application of any of the parties, the court referred to in Article 10.1 of this Law may grant an interim measure. Regardless of whether the place of arbitration is in the territory of the Republic of Azerbaijan, the courts shall have the powers specified in the Civil Procedural Code of the Republic of Azerbaijan in issuing interim measures in relation to arbitral proceedings.

Chapter 5

CONDUCT OF ARBITRAL PROCEEDINGS

Article 35. Equal treatment of parties

During arbitral proceedings, the parties are equal and each party shall be given a full opportunity to present his/her case.

Article 36. Determination of rules of procedure

36.1. The parties are free to agree on the procedure to be followed by the arbitral tribunal in conducting the arbitral proceedings, subject to compliance with the requirements of this Law.

36.2. In the absence of an agreement provided for in Article 36.1 of this Law, subject to the provisions of this Law, the arbitral tribunal may conduct arbitral proceedings in a manner it sees fit. The powers conferred upon the arbitral tribunal include the powers to determine the admissibility, materiality, relevance and weight of evidence.

Article 37. Place of arbitration

37.1. The parties are free to agree on the place of arbitration. In the absence of such an agreement, the place of arbitration shall be determined by the arbitral tribunal, having regard to the circumstances of the case, including convenience of the parties.

37.2. Notwithstanding the provisions of Article 37.1 of this Law, unless otherwise agreed between the parties, the arbitral tribunal may meet at any place that is convenient for consultations among its members, for examining witnesses, experts or the parties, or for inspection of goods, other property or documents.

Article 38. Representation in arbitral proceedings

The parties have a right to be represented by a lawyer or other representative at any stage of the arbitral proceedings.

Article 39. Succession in arbitral proceedings

39.1. Unless otherwise agreed between the parties, the legal successor becomes a party to the arbitration agreement.

39.2. Unless otherwise agreed between the parties, death of an individual, reorganization of a legal entity or other changes in the parties involved in substantive legal relations shall not result in the termination of the arbitration agreement or the replacement of already appointed arbitrator(s).

Article 40. Language in arbitral proceedings

40.1. The parties are free to agree on the language or languages to be used in arbitral proceedings. In the absence of such agreement, the arbitral tribunal shall determine the language or languages to be used in the arbitral proceedings. Unless otherwise stipulated by the parties or the arbitral tribunal, the language or languages to be used in arbitral proceedings shall apply to any written statement by any party, any hearing, award and other communication by the arbitral tribunal.

40.2. The arbitral tribunal shall have the right to order that any documentary evidence be accompanied by a translation into the language or languages agreed upon by the parties or determined by the arbitral tribunal.

Article 41. Statement of claim and statement of defence

41.1. Within the period of time agreed by the parties or determined by the arbitral tribunal, the claimant shall state the facts supporting his/her claim, the points at issue and the relief sought, and the respondent shall state his/her objections in respect of these issues in his/her statement of defence, unless the parties have otherwise agreed as to the required elements of such statements. The parties may submit with their statements all documents they consider to be relevant or may add a reference to the documents or other evidence they will submit.

41.2. Unless otherwise agreed by the parties, either party may amend or supplement his/her claim or objection during the course of the arbitral proceedings, provided that the arbitral tribunal deems it appropriate to allow such amendment or supplement having regard to the delay in making it.

Article 42. Oral hearings and written proceedings

42.1. Without prejudice to the agreement of the parties, the arbitral tribunal shall decide to hold oral hearings for the presentation of evidence or for oral arguments, or to conduct proceedings only on the basis of documents and other materials. Unless the parties have agreed not to hold oral hearings, the arbitral tribunal shall hold such hearings at an appropriate stage of the proceedings if so requested by of any of the parties.

42.2. The parties shall be given advance notice by the arbitral tribunal of any hearing or meeting, as well as of on-site inspection of goods, other property or documents.

42.3. All statements, documents or other information supplied to the arbitral tribunal by one of the parties shall also be communicated to the other party. All expert reports or other evidentiary documents on which the arbitral tribunal may rely in its decision shall be communicated to the parties.

Article 43. Minutes of hearings

43.1. Subject to any contrary agreement between the parties, minutes of arbitral hearings shall be prepared.

43.2. The minutes shall record core aspects of the hearing or any distinct procedural action.

43.3. The minutes of the hearing shall contain the following:

43.3.1. the date and place of the hearing;

43.3.2. the starting and ending times of the hearing;

43.3.3. a note on whether the dispute is administered by a permanent arbitral institution or heard by an ad hoc tribunal, the names of the arbitrators and the details of the secretary of the hearing;

43.3.4. the case title;

43.3.5. information about the persons present at the hearing;

43.3.6. decisions made by the arbitral tribunal during the hearing;

43.3.7. statements, objections, motions and explanations provided by the persons present at the hearing;

43.3.8. information about inspection of documents, examination of material evidence, audio recordings review and video recordings viewing;

43.3.9. information about the decisions announced, explanation of their substance, and, when allowed, procedure and time period within which such decisions may be appealed;

43.3.10. statement that the parties have been informed of their right to review the minutes and express their opinion on them;

43.3.11. the date on which the minutes were prepared.

43.4. Subject to any contrary agreement by the parties, the minutes shall be prepared by the secretary of the hearing.

43.5. The minutes shall be signed by the presiding arbitrator and the secretary. All changes made to the minutes shall be made via a written addendum to the minutes which shall be signed by the presiding arbitrator and the secretary.

Article 44. Non-submission of documents or non-appearance of parties

44.1. Unless otherwise agreed by the parties, the following rules shall apply in cases where documents are failed to be submitted or the parties fail to appear without showing sufficient cause:

44.1.1. if the claimant fails to communicate his/her statement of claim in accordance with Article 41.1 of this Law, the arbitral tribunal shall terminate the proceedings;

44.1.2. if the respondent fails to communicate his/her statement of defence in accordance with Article 41.1 of this Law, the arbitral tribunal shall continue the arbitral proceedings without treating such failure as an admission of the claimant's allegations;

44.1.3. if any party fails to appear at a hearing or produce documentary evidence, the arbitral tribunal may continue the proceedings and make the award on the evidence before it.

Article 45. Appointment of an expert by the arbitral tribunal

45.1. Unless otherwise agreed between the parties, the arbitral tribunal may perform the followings in relation to the appointment of an expert:

45.1.1. appoint 1 (one) or more experts for the purpose of providing an opinion on specific issues determined by the arbitral tribunal;

45.1.2. require the parties to supply to the expert any relevant information or to produce documents, goods and other property relevant to the case for the expert's examination.

45.2. Unless otherwise agreed by the parties, if a party so requests or if the arbitral tribunal deems it necessary, the expert shall, after delivering his/her written or oral report, participate at a hearing. In such case, the parties shall have the opportunity to pose questions to the expert and to present their own witnesses to testify on matters in dispute.

Article 46. Court assistance in taking evidence

The arbitral tribunal or a party with the approval of the arbitral tribunal may request from the courts specified in Article 10.1 of this Law assistance in taking evidence. The court reviews and decides on this request within its competence in accordance with the established rules on taking evidence.

Article 47. Costs of arbitration and security

47.1. Unless otherwise agreed in the arbitration agreement or between the parties, the allocation of arbitration costs shall be carried out in the following manner:

47.1.1. the arbitral tribunal may determine the procedure for allocation of arbitral fees and other costs of arbitration and distribute such costs between the parties;

47.1.2. the arbitral tribunal may require one party to pay all or part of the costs incurred by the other party;

47.1.3. the arbitral tribunal may require the parties to provide security for arbitral fees and other arbitration costs, and may terminate the arbitral proceedings if such security is not provided.

47.2. If one party fails to provide the required security, the other party may provide this security in full.

47.3. The arbitral tribunal's ruling that it lacks jurisdiction shall not affect its authority to make an award on the allocation of already incurred arbitration costs.

Chapter 6

MAKING OF ARBITRAL AWARD AND TERMINATION OF PROCEEDINGS, RECOURSE AGAINST ARBITRAL AWARD

Article 48. Rules applicable to the substance of the dispute

48.1. The arbitral tribunal shall decide the dispute in accordance with the legal norms chosen by the parties and applicable to the substance of the dispute. Unless otherwise expressed in the agreement of the parties, any designation of the law or legal system of any state shall be construed as directly referring to the substantive law and not to the conflict of laws rules of that state.

48.2. If the parties do not designate the law applicable to the substance of the dispute, the arbitral tribunal shall apply the substantive law determined by the conflict of laws rules that it deems appropriate.

48.3. The arbitral tribunal shall decide "*ex aequo et bono*" (according to equality and justice) or "*amiable compositeur*" (amicable arbitrator) only if the parties have authorized it to do so. In such case, the arbitral tribunal shall resolve the dispute on the basis of principles it believes to be just, without having to refer to any particular law.

48.4. In all cases, the arbitral tribunal shall decide in accordance with the terms of the contract and shall take into account the usages of the trade applicable to that legal relationship.

48.5. The restrictions contained in the normative legal acts of the Republic of Azerbaijan on application of foreign laws to the substance of the dispute shall apply to Articles 48.1 and 48.2 of this Law.

Note. In this article, the term "conflict of laws rules" refers to the rules that determine which law should apply to a given legal relationship, and the term "substantive law" refers to the norms that directly determine the rules of conduct for the participants of a given legal relationship.

Article 49. Decision-making by panel of arbitrators

49.1. Unless otherwise agreed by the parties, in arbitral proceedings with more than one arbitrator, any decision of the arbitral tribunal shall be made by a simple majority of the members of the arbitral tribunal. An arbitrator cannot abstain from voting.

49.2. Questions of procedure may be decided by a presiding arbitrator, if so authorized by the parties or all members of the arbitral tribunal.

Article 50. Settlement agreement

50.1. If, during the arbitral proceedings, the parties settle the dispute, the arbitral tribunal shall terminate the proceedings and, if requested by the parties and not objected to by the arbitral tribunal, render an arbitral award on agreed terms.

50.2. An arbitral award on agreed terms shall be made in accordance with the provisions of Article 51 of this Law and shall state that it is an award. Such an award has the same legal force as any other award on the merits of the case.

Article 51. Form and content of arbitral award

51.1. The arbitral award shall be made in writing and shall be signed by the arbitrator or arbitrators. In arbitral proceedings with more than one arbitrator, the signatures of the majority of all members of the arbitral tribunal shall suffice, provided that the reason for any omitted signature is stated. When an arbitrator refuses to sign the arbitral award or dissents, such refusal or dissent shall be documented within the arbitral award, and the dissenting opinion shall be included in the case materials.

51.2. Unless the parties have agreed that no reasons are to be given in the award or the award is an award on agreed terms under Article 50 of this Law, the award shall include the reasons upon which it is based.

51.3. The arbitral award shall state its date and the place of arbitration as determined in accordance with Article 37.1 of this Law. The arbitral award shall be deemed to have been made at that place.

51.4. After the award is made, copies signed in accordance with Article 51.1 of this Law shall be delivered to each party.

51.5. Unless otherwise stipulated in the arbitration agreement or this Law, the arbitral award shall enter into force on the day it is rendered.

51.6. The arbitral tribunal may render one or more arbitral awards in relation to the dispute.

Article 52. Termination of proceedings

52.1. Arbitral proceedings are terminated by the final award of the arbitral tribunal or by an order of the arbitral tribunal in accordance with Article 52.2 of this Law.

52.2. The arbitral tribunal shall issue an order for the termination of arbitral proceedings when:

52.2.1. the claimant withdraws his/her claim, provided that the respondent does not object to the termination of the arbitral proceedings and the arbitral tribunal does not recognize a legitimate interest of the part of the respondent in obtaining a final settlement of the dispute;

52.2.2. the parties agree on the termination of the arbitral proceedings;

52.2.3. the arbitral tribunal finds that the continuation of arbitral proceedings has for any other reason become impossible or unnecessary;

52.2.4. in the circumstances provided for in Articles 44.1.1 or 47.1.3 of this Law.

52.3. The authority (mandate) of the arbitral tribunal terminates with the termination of the arbitral proceedings, without prejudice to the powers referred to under Articles 53 and 54.4 of this Law.

Article 53. Correction and interpretation of the award, issuing additional award

53.1. Unless another period of time has been agreed upon by the parties, any party may, within 30 (thirty) days from the date of receipt of the award, request the arbitral tribunal that issued the award to:

53.1.1. with notice to the other party, correct in the award any errors in computation, any clerical or typographical errors or any other such errors;

53.1.2. unless otherwise agreed by the parties, with notice to the other party, interpret the arbitral award or any part thereof.

53.2. If the arbitral tribunal considers the request to be justified, it shall make the correction or give the interpretation within 30 (thirty) days from the day of the receipt of such request. Such interpretation shall be deemed to form part of the arbitral award.

53.3. The arbitral tribunal may correct any error of the type referred to in in Article 53.1.1 of this Law on its own initiative within 30 (thirty) days of the date the award was made.

53.4. Unless otherwise agreed by the parties, a party, with notice to the other party, may request, within thirty days of receipt of the award, the arbitral tribunal to make an additional award as to claims presented in the arbitral proceedings but not resolved in the arbitral award. If the arbitral tribunal considers the request to be justified, it shall make the additional award within 60 (sixty) days.

53.5. The arbitral tribunal may extend, if it considers necessary, the period of time within which it shall make a correction, interpretation or an additional award under Articles 53.2 and 53.4 of this Law.

53.6. The provisions of Article 51 of this Law shall apply to a correction or interpretation of the award or to an additional award.

Article 54. Application for setting aside the arbitral award

54.1. The award made by the local arbitration court may be challenged only by an application to the court for setting aside that award in accordance with Articles 54.2 and 54.3 of this Law.

54.2. An arbitral award may be set aside in whole or in part by the court specified in Article 10.1 of this Law when:

54.2.1. the party making the application furnishes proof that:

54.2.1.1. a party to the arbitration agreement was, pursuant the laws applicable to him, under incapacity at the time of the conclusion of the agreement, or the arbitration agreement is not valid under the law to which the parties have subjected it, or failing any indication thereon in the agreement, under the laws of the Republic of Azerbaijan;

54.2.1.2. the party making the application was not given proper notice of the appointment of an arbitrator or of the arbitral proceedings or was unable to present his/her case for other reasons;

54.2.1.3. the award deals with a dispute not contemplated by or not falling within the terms of the arbitration agreement, or contains decisions on matters beyond the scope of the arbitration agreement or submission to arbitration (if the decisions on matters covered by the terms of the arbitration agreement or submission to arbitration can be separated from those not so covered, only that part of the award which contains decisions on matters not covered by the terms of the arbitration agreement or submission to arbitration may be set aside);

54.2.1.4. the composition of the arbitral tribunal or the arbitral procedure was not in accordance with the agreement of the parties, or, failing such agreement, was not in accordance with this Law;

54.2.2. the court finds that:

54.2.2.1. the subject-matter of the dispute is not capable of settlement by arbitration under the laws of the Republic of Azerbaijan;

54.2.2.2. the award is in conflict with the Constitution of the Republic of Azerbaijan or the public policy, which comprises fundamental legal principles that are inherently imperative, universal and of significant societal importance, underpinning the political, economic and legal framework of the Republic of Azerbaijan.

54.3. An application for setting aside may not be made after three months from the date on which the party making that application had received the award or, if a request had been made under Article 53 of this Law, from the date on which the arbitral tribunal decided on that request. These time-limits shall not apply where the making of the award was affected by fraud or corruption, knowingly false statements of a witness, knowingly false statements of an expert witness, falsified documents, physical evidence or other documents having evidentiary value, as well as where the award was affected by the criminal acts of the parties, the persons participating in the case or the arbitrators.

54.4. The court, when asked to set aside an award, may, where deemed appropriate and so requested by a party, suspend the setting aside proceedings for a reasonable period of time determined by it in order to give the arbitral tribunal an opportunity to resume the arbitral proceedings or to take such other action as in the arbitral tribunal's opinion will eliminate the grounds for setting aside.

54.5. Unless otherwise agreed between the parties or the arbitration agreement is declared null and void in the decision setting aside the award, the arbitration agreement shall remain valid after the award has been set aside. In such instances, the parties shall have the right to re-submit the dispute to arbitration.

54.6. The court where the setting aside of an arbitral award is sought shall not review the award on its merits.

Chapter 7

RECOGNITION AND ENFORCEMENT OF ARBITRATION AWARDS

Article 55. Recognition and enforcement of awards of foreign arbitral tribunals

55.1. An arbitral award made by a foreign arbitral tribunal, irrespective of the country in which it was made, shall be recognized as binding and, upon application in writing to the competent court, shall be enforced subject to the provisions of Articles 55 and 56 of this Law.

55.2. The party relying on an arbitral award or applying for its enforcement shall supply the arbitral award or a copy thereof certified by a notary public, or when the arbitral proceedings are administered by a permanent arbitral institution, a counterpart of the arbitral award authenticated by that permanent arbitral institution, as well as the original arbitration agreement or a copy thereof certified by a notary public, or when not possible, submit any document confirming that the arbitration agreement has been entered into. If the arbitral award or the arbitration agreement is in a foreign language, a party shall supply to the court a translation thereof into Azerbaijani certified by a notary public.

Article 56. Grounds for refusing recognition or enforcement of awards of foreign arbitral tribunals

56.1. Full or partial recognition or enforcement of an arbitral award, irrespective of the country in which it was made, may be refused only:

56.1.1. the party against whom it is invoked furnishes to the court where recognition or enforcement is sought proof that:

56.1.1.1. a party to the arbitration agreement was, pursuant the laws applicable to him, under incapacity at the time of the conclusion of the agreement, or the arbitration agreement

is not valid under the law to which the parties have subjected it, or failing any indication thereon in the agreement, under the law of the country where the award was made;

56.1.1.2. the party against whom the award is invoked was not given proper notice of the appointment of an arbitrator or of the arbitral proceedings or was not given the opportunity to present his/her case for other reasons;

56.1.1.3. the award deals with a dispute not contemplated by or not falling within the terms of the submission to arbitration, or it contains decisions on matters beyond the scope of the arbitration agreement or submission to arbitration (if the decisions on matters covered by the terms of arbitration agreement or submission to arbitration can be separated from those not so covered, that part of the award which contains decisions on matters covered by the terms of the arbitration agreement or submission to arbitration may be recognized and enforced);

56.1.1.4. the composition of the arbitral tribunal or the arbitral procedure was not in accordance with the agreement of the parties or, failing such agreement, was not in accordance with the law of the country where the arbitration took place;

56.1.1.5. the award has not yet become binding or has been set aside or suspended by a court of the country in which, or under the law of which, that award was made;

56.1.2. if the court finds that:

56.1.2.1. the subject-matter of the dispute is not capable of settlement by arbitration under the laws of the Republic of Azerbaijan;

56.1.2.2. the recognition or enforcement of the arbitral award would be contrary to the Constitution of the Republic of Azerbaijan or to the public policy.

56.2. If an application for setting aside of an award has been made to a court referred to in Article 56.1.1.5 of this Law, the court where recognition or enforcement is sought may, if it considers it proper, adjourn its decision and may also, on the application of the party claiming recognition or enforcement of the award, order the other party to provide appropriate security.

56.3. The court where the recognition and enforcement of an arbitral award is sought shall not review the award on its merits.

Article 57. Procedure for enforcement of awards of local arbitral tribunals

57.1. Awards rendered by local arbitral tribunals shall be executed in the manner and within the period stated in that award. If no term is specified in the award, it shall be executed immediately.

57.2. If the award made by a local arbitral tribunal is not executed voluntarily within the period specified in the award or, if no such period is specified, within 3 (three) months from the date it is rendered, the party in whose favor the award was made has the right to apply to the court, in the manner established by the Civil Procedural Code of the Republic of

Azerbaijan, for the compulsory enforcement of the award, provided that the award has become binding on the parties and has not been set aside by a court in accordance with Articles 51.5 and 54 of this Law.

57.3. The court may refuse to enforce the arbitral award only on the grounds specified in Article 54.2 of this Law. If an application has been made to the court to set aside the award of a local arbitral tribunal in accordance with the provisions of Article 54 of this Law, the same grounds raised for setting aside that award shall not be raised again before the court where the enforcement of arbitral award is sought.

Chapter 8

FINAL PROVISIONS

Article 58. Liability for violation of this Law

Persons who fail to comply with the requirements of this Law shall be subject to liability as prescribed by the laws.

Article 59. Transitional provisions

59.1. The Law of the Republic of Azerbaijan "On International Arbitration" (Legislative Collection of the Republic of Azerbaijan, 2000, No. 1, Article 6; 2005, No. 6, Article 475; 2007, No. 7, Article 712) is repealed from the date this Law enters into force.

59.2. This Law shall enter into force on the same day with the law providing for changes to the Civil Procedural Code of the Republic of Azerbaijan on the implementation of assistance and supervision functions in relation to arbitration by the courts, the recognition and enforcement of the awards of the foreign arbitral tribunals, as well as the regulation of matters associated with the arbitral proceedings within the framework of court proceedings.

59.3. This Law shall not apply to cases on the recognition and enforcement of the awards of the foreign arbitral tribunals pending before the Supreme Court of the Republic of Azerbaijan on the date of its entry into force.

Ilham Aliyev,
President of the Republic of Azerbaijan

Baku, 26 December 2023
No.1077-VIQ