

The Arbitration Rules of the Chinese Arbitration Association, Taipei (CAA Arbitration Rules)

Effective as of October 16, 2001.

Article 21-1 was amended on and effective as of October 29, 2008

Article 2-1 was amended on and effective as of November 19, 2009

In case of any discrepancy between the English translation and the Chinese text of these rules, the Chinese text shall govern.

Chapter I: General Provisions

Article 1

These Rules are established pursuant to Article 5, Paragraph 2 of the Articles of the Arbitration Association of the Republic of China (hereinafter referred to as CAA).

Article 2 (Scope of Application I)

These rules shall govern arbitrations administered by the CAA, unless otherwise agreed by the parties or required by applicable law or regulation.

Article 2-1 (Scope of Application II)

Unless otherwise agreed, when the parties have agreed to arbitrate in accordance with these Rules, they have also agreed to arbitrate at the CAA.

Article 3 (Place of Arbitration)

Arbitration administered by the CAA may be held at a place outside of Taiwan pursuant to the agreement of the parties; or absent such an agreement, the decision made by the arbitral tribunal, if the tribunal considers it appropriate, having taken into account the facts of the case, including whether it would be convenient for the parties.

Article 4 (Procedural Recommendations)

The CAA may provide procedural recommendations to the arbitrators.

Article 5 (Impartiality and Independence of Arbitrators)

In all cases, the arbitrators shall act impartially and independently in arbitral proceedings.

Article 6 (Confidentiality)

Unless otherwise agreed on by the parties or required by the applicable law, the arbitrators and the administrators of the CAA shall keep all matters confidential.

Article 7 (Disclosure)

A prospective or appointed arbitrator shall disclose such circumstances as required by the applicable law of the arbitration.

Chapter II: Request and Answer for Arbitration

Article 8 (Request for Arbitration)

A party wishing to request arbitration administered by the CAA shall make an advance payment and submit the following documents:

1. The Request for Arbitration for each of the arbitrators and respondents.
2. Copies of the arbitration agreement or the contract containing an arbitration clause.
3. Power of Attorney, if legal representative is appointed.
4. Completed copies of the Letter of Arbitrator Appointment, if one has been appointed.

Article 9 (Statement of Claim)

The Request for Arbitration shall contain a statement of claim including the following:

1. The names and addresses of the parties; where a party is a legal person or other organization or government department, its name and place of office, or place of business, or place of public service.
2. The names and addresses of legal representatives, if one is appointed.
3. The subject matter of the arbitration and the amount in dispute.

4. The relief or remedy sought and the supporting facts.
5. The name of the arbitral institution.
6. The date of the Request for Arbitration.

Article 10 (Sending of the Request to the Respondent)

Upon receipt of a Request for Arbitration, the CAA shall send a copy of the Request and other documents to the respondent and request the respondent to appoint an arbitrator or to accept the proposed arbitrator, unless the claimant is required to submit additional documents asked for under the preceding two articles. In such circumstances, the CAA shall request the claimant to submit the documents within a specified time.

Article 11 (Answer to the Request)

Within 10 days after the receipt of the Request for Arbitration from the CAA pursuant to the preceding article, the respondent shall submit to the CAA the followings:

1. An answer to the request, for each arbitrators and respondents;
2. Power of attorney, if any; and
3. Statement of confirmation for appointing an arbitrator, in cases that the appointment has been made, including the names and addresses of the appointed arbitrator.

Within 14 days after the receipt of the claimant's written request, the respondent shall appoint an additional arbitrator.

Article 12 (Statement of Defense)

The Answer to the Request shall contain a statement of defense including the following:

1. The names and addresses of the parties; where a party is a legal person or another organization or government department, its name and place of office, or place of business, or place of public service;
2. The names and addresses of the legal representatives or the authorized representatives in the arbitration, if any;
3. The response to the relief sought and the supporting facts and reasons;
4. Name of the arbitral institution; and
5. Date of the Answer.

The Answer, including the copies of which, may also contain relevant evidence and other submissions.

The CAA shall send a copy of the Answer and documents annexed thereto to the claimant once the CAA receives such documents.

Article 13 (Facsimile and Other Electronic Means of Sending Documents)

After the arbitral tribunal or the parties have reached an agreement, written documents may be sent via electronic means pursuant to the rules established by the CAA. Such transmissions shall have the same effect as the submission of these statements by conventional means of mailing or delivering.

Article 14 (Amendment to the Claim or Defense)

During the arbitral proceedings, a party may amend or supplement its submissions, the subject matter of the arbitration and the relief or remedy sought, if the other party authorizes it to do so or if such amendment or supplement will not cause unreasonable prejudice or delay to the proceedings.

If the Respondent has not received the Request for Arbitration, the restrictions imposed in the preceding paragraph do not apply.

Unless otherwise agreed by the parties, the arbitral tribunal shall not allow amendment or supplement provisions that are against the terms of the agreement to arbitrate.

The party shall make advance payment increased as a result of any amendment.

Article 15 (Counterclaim)

The respondent may make a counterclaim pursuant to Article 8 of these rules. The arbitral tribunal may consolidate the arbitral proceedings relating to the claim and the counterclaim.

Unless otherwise agreed by the parties, a counterclaim shall not fall outside the scope of the agreement to arbitrate.

The arbitral tribunal may not allow a counterclaim if it considers that the counterclaim is made by a party with an attempt to delay the arbitral proceedings.

Chapter III: Appointment of Arbitrators

Article 16 (Appointment by the Parties)

If the parties have chosen an arbitrator, their choice shall prevail. If the parties fail to choose one, each party shall appoint one arbitrator, and the two arbitrators shall select a third arbitrator, who will act as the chief arbitrator of the tribunal. The CAA shall notify the parties of the appointment.

Article 17 (Appointment by the CAA)

Pursuant to Article 9, Paragraph 4 of the Republic of China Arbitration Law, where the parties have agreed to arbitrate pursuant to the CAA Rules, the CAA may appoint an arbitrator:

1. If the two arbitrators appointed by the parties have not reached an agreement on the choice of the chief arbitrator within 30 days after the receipt of notice from the CAA.
2. If the arbitration agreement stipulates that a sole arbitrator is to be appointed, and the parties have not reached an agreement on the choice of the sole arbitrator within 30 days after the receipt of the notice requesting appointment of an arbitrator sent by either party.

Article 18 (Appointment by the CAA on behalf of a Party)

A party may request the CAA to appoint an arbitrator on the party's behalf.

In such a circumstance, the CAA shall appoint an arbitrator within 14 days after the receipt of the written request from the party, and shall notify the parties and the arbitrators of the appointment.

Article 19 (Appointment by the CAA or by the Court)

After the appointment of an arbitrator, the party may request the other party to appoint the second arbitrator within 14 days after the receipt of the request in writing. If the

second arbitrator cannot be appointed within the time limit, the first party may request the CAA or the court to appoint the second arbitrator.

When an arbitrator is required to be appointed by the CAA, a party may request the CAA to appoint arbitrator within the time limit prescribed in the preceding paragraph.

Failing such appointment of the arbitrator, the party may request the court to make the appointment.

Article 20 (Replacement of an Arbitrator)

In the event that an arbitrator agreed in the arbitration agreement dies or for any other reasons the arbitrator refuses, delays in, or fails in performance of his or her duties, the parties may appoint a substitute arbitrator. Failing such agreement, either party may request the CAA or the court to make the appointment.

In the event that an arbitrator appointed by a party fails to participate in the arbitration for reasons specified in the preceding paragraph, the other party may request to appoint a substitute arbitrator within 14 days after the receipt of the request. In such circumstances, the chief arbitrator chosen pursuant to Article 14, Paragraphs 1 and 2(1) will remain unchanged and shall continue to perform his or her function.

In the event that a party fails to appoint a substitute arbitrator within the time limit specified in the preceding paragraph, the other party may request the CAA or the court to make the appointment.

In the event that an arbitrator appointed by the CAA or the court fails to participate in arbitration for reasons specified in Paragraph 1, the CAA or the court may appoint a substitute arbitrator on its own motion or upon application of a party.

In the event that the chief arbitrator fails to participate in the arbitration for reasons specified in Paragraph 1, the court may appoint a substitute chief arbitrator on its own motion or upon application of a party.

Section 4 Hearings

Article 21 (The Place and Date of the First Hearing)

The CAA shall notify the parties of the place and date of the first oral hearing determined by the arbitral tribunal pursuant to Article 21, Paragraph 1 of the Arbitration Law.

The date of the hearing may be changed or adjourned by the arbitral tribunal on its own motion or upon application of a party.

Article 21-1 (Arbitration Fees and the Amount in Dispute)

The arbitral tribunal shall determine the arbitration fees and the amount in dispute in writing and shall send the results to the parties.

If a party objects to the tribunal's determination, he must submit to the Association a Petition for Review together with his reasons within 5 days of receiving the tribunal's determination. The CAA shall forward the Petition to the "Committee of Arbitration Fees and Amount in Dispute Determination," who shall provide the tribunal with an adjustment suggestion in 15 days.

The tribunal shall then re-evaluate the amount in dispute and/or amount of arbitration fees taking the Committee's suggestion into consideration, render a final determination and deliver it to the parties in 5 days. A party shall not object to the tribunal's final determination or ask the CAA to refund the arbitration fees.

Under the preceding circumstance, if a party thereby refuses to pay the additional arbitration fees, the tribunal may refuse to administer the increased portion.

The number of days spent on the determination of arbitration fees or the amount in dispute is excluded from the arbitration period.

Article 22 (Pleas as to Jurisdiction)

If a party objects to the jurisdiction of the arbitral tribunal, the tribunal shall rule on such objections as soon as possible.

Article 23 (Full Opportunity of Presenting the Case)

The arbitral tribunal shall give the parties a full opportunity to present their cases and

shall make necessary inquiries into their submissions.

The arbitral proceedings shall be kept confidential, unless the parties agree otherwise.

Article 24 (Evidence)

A party shall submit statements of facts and arguments, and the relevant evidence to the arbitral tribunal.

Each party shall also respond and answer to the arguments and evidence presented by the other party.

Article 25 (Request for Investigation)

For any matter a party requests the arbitral tribunal to investigate, the tribunal shall ask the parties to submit their arguments and shall record their arguments in writing, unless the tribunal considers it unnecessary.

After the tribunal has investigated a matter pursuant to the preceding section, the tribunal shall ask the parties to submit their comments on the outcome of the investigation and shall record their comments in writing.

Article 26 (Failure to Appear at a Hearing)

If a party, duly notified under these rules, fails to appear at a hearing or an inquiry without showing sufficient cause for such failure, the arbitral tribunal may continue the arbitral proceedings without his or her participation.

Article 27 (Witnesses and Experts)

The arbitral tribunal may, upon application of a party or on its own motion, order witnesses or experts to testify at the hearing.

Article 28 (Representation)

The parties may appear through duly authorized representatives. Where the Power of Attorney is signed or executed in a country or territory outside of the jurisdiction of the Republic of China, it shall be notarized by a Republic of China overseas

representative office. The arbitral tribunal may order the parties to notarize the Power of Attorney within a specified time limit, if they fail to do so.

Article 29 (Interpretation)

The arbitral tribunal may request the CAA to provide language interpretation at the sessions if the tribunal considers it necessary.

Article 30 (Service of Process)

The provisions with respect to the service of process as provided in the Republic of China Rules of Civil Procedure shall apply, *mutatis mutandis*, to the procedure of delivery of notifications or other written communications in the arbitral proceedings.

Article 31 (Recording)

The CAA shall make audio recordings of the oral hearings, and shall produce transcripts of the hearings.

Any party may, with the consent of the CAA, listen to the tape recordings at the time and place arranged by the CAA and may request duplicate recordings for a certain fee.

Article 32 (Transcripts)

The transcripts of the hearing shall contain the followings:

1. The place, date and time of the hearing;
2. The names of the arbitrators, clerks, personnel, and interpreters;
3. The name of the arbitration case;
4. The names of the parties and representatives, if any; and
5. The contents of the proceedings.

The transcripts shall be prepared and signed by the clerk.

The transcript shall not be cut, edited or changed; if there is any addition, deletion, or amendment, the clerk shall indicate and certify in the transcript the number of the words changed. Where there is a deletion of words, the original text of the words shall be kept on file.

The copies of the transcripts shall be sent to the arbitrators and the parties.

Each party may request to the CAA for permission to view or to make a written copy or photocopy of the transcripts.

The transcripts shall be preserved for 10 years after the receipt of the arbitral award by the parties.

Article 33 (Translation)

The arbitral tribunal may order any documents, or evidence delivered by a party in a foreign language to be translated into Chinese.

Article 34 (Closure of Hearings)

When the arbitral tribunal concludes that an award may be made based on the available evidence and arguments made by the parties, the tribunal shall declare the hearings closed.

However after the closure of the hearings, the arbitral tribunal may notify the parties to reopen the hearings before the arbitral award is made, if the tribunal considers it necessary.

Article 35 (Settlement)

The arbitral tribunal may ask the parties to attempt to settle the dispute before the award is made.

If the parties agree to settle, the arbitral tribunal shall record terms of the settlement and have the parties or their representatives and the arbitrators sign the settlement paper. The settlement paper shall contain:

1. The names and addresses of the parties; where a party is a legal person or other organization or government department, its name and place of office, or place of business, or place of public service;
2. The names and addresses of the legal representatives or authorized representatives, if any;
3. The names and addresses of the arbitrators;
4. The dispute of the settlement;

5. The terms of the settlement;
6. The place of the settlement; and
7. The date of settlement.

The arbitral tribunal shall deliver the record of settlement to the CAA within five days of the date on which the parties settled, and the original record shall be preserved for 20 years.

Article 36 (Interim Measures)

At the request of either party, the arbitral tribunal may take any interim measures as agreed by the parties in respect to the subject-matter of the dispute for purposes of preserving perishable goods or providing immediate protection, such as ordering their sales or other interim measures the tribunal considers appropriate.

The arbitral tribunal may record the terms of settlement and order a party to make advance payment for carrying out the measures.

Chapter 5: The Award

Article 37 (Amicable compositor or ex aequo et bono)

The arbitral tribunal shall decide as amicable compositeur or ex aequo et bono only if the parties have expressly authorized the tribunal to rule accordingly.

The express authorization referred to in the preceding paragraph may be made before the closure of the hearings orally or in writing.

Article 38 (Decision Making by the Arbitrators)

In arbitral proceedings with more than one arbitrator, after closure of the hearings, the arbitrators shall deliberate for purposes of making an arbitral award. The decision of the deliberation shall be made in writing and shall be signed by every arbitrator participating in the deliberation. The dissenting opinion of an arbitrator may be recorded on the record of deliberation.

When there is more than one arbitrator, any award of the arbitral tribunal shall be

made by a majority of the arbitrators.

If the arbitrators fail to agree on the amount of settlement, the largest amount shall first be considered. The arbitrators shall exercise due care and attempt to deliberate until they can agree on an amount.

In the event that the arbitral tribunal cannot agree on a specified terms of settlement, unless otherwise agreed by the parties, the arbitral proceedings are concluded without an award and the arbitral tribunal shall notify the parties accordingly.

Article 39 (Deliberations)

The arbitral tribunal shall keep deliberations confidential.

Article 40 (Interim and Partial awards)

The arbitral tribunal may make interim or partial awards.

Article 41 (Time Limit for the Award)

The final award shall be made within 10 days after the closure of the hearings.

If the arbitral tribunal fails to render the final award within a month after the conclusion of the hearings, and if the time limit set forth under Article 21 of the Arbitration Act has not expired, the CAA may remind the arbitrators to render the award as soon as it can.

If the arbitral tribunal cannot render its award three months after the conclusion of the conclusion of the hearings, the CAA may announce the names of the arbitrators in the Association's publications.

In the event that the arbitral tribunal fails to render its award after the expiration of arbitration period set forth under Article 21 of the Arbitration Law or after the agreed upon date of submission, the CAA shall announce the names of the arbitrators in the Association's publications.

Article 42 (The Award)

An arbitral award shall contain the followings:

1. The names and addresses of the parties; where a party is a legal person or other organization or government department, its name and place of office, place of business or place of public service;
2. The names and addresses of the legal representatives or the authorized representatives in the arbitration, if any;
3. The name, nationality and addresses of the interpreter, if any;
4. The terms of the award;
5. The facts and reasons for making the award, unless the parties have agreed that no facts and reasons are required to be stated in the award; and
6. The date and the place where the award was made.

The original award shall be signed by all arbitrators. In the event that an arbitrator refuses or is unable to sign the award, the other arbitrators who have signed shall state the reason(s) why he failed to sign.

The original award shall be preserved for twenty years from the date on which the award was made.

Article 43 (Language of the Award)

The award shall be made in Chinese, unless otherwise agreed by the parties.

If an arbitrator fails to participate in the deliberation or refuses to sign on the award without showing sufficient cause for such failure, any party, within 30 days after the receipt of the award, may request to reduce or be exempt from abiding by the arbitral award.

Chapter 6: Expedited Procedures

Article 44 (Small Claim)

Where a claim is a small claim, determined pursuant to Article 36 of the Republic of China Arbitration Law, the parties may opt to adopt expedited procedures. The CAA shall appoint a sole arbitrator within seven days from the day following the CAA's receipt of the claimant's Request for Arbitration.

Small claim hearings is recommended to be completed within one day to provide expedite resolution to small claim disputes.

Article 45 (Agreement to Adopt Expedited Procedures)

The CAA may ask the parties to agree to arbitrate in accordance with expedited procedures, having regard to the nature of and the amount involved in the claim.

Article 46 (Notice of Hearing)

After the arbitral tribunal decides the place of arbitration and the date of the hearing, the CAA shall notify the parties requesting them to present relevant documents, evidence and bringing witnesses at the hearing.

Article 47 (Answer to the Request)

The respondent shall submit its answer to the CAA within seven days after he receives the claimant's Request for Arbitration. The respondent shall also send a copy of the answer to the CAA for it to forward to the claimant.

Article 48 (Default Judgment)

If a party, duly notified under these rules, fails to appear at a hearing, without showing sufficient cause for such failure, the arbitral tribunal may, upon request of the another party, render an award without his or her participation. However, the tribunal shall consider written statements, submissions and evidence the absent party has submitted.

Article 49 (Written Submission and Documentary Evidence)

The arbitral tribunal may render an award based only on written submission and documentary evidence without a hearing if the parties so agree.

Article 50 (Time Limit for the Award)

The arbitral tribunal shall, in principle, render its final award within three months.

Article 51 (Facts and Reasons)

An award made under the expedited procedures shall contain a brief statement of facts and reasons, unless the parties have agreed that no such brief statement of facts and reasons is necessary.

Chapter 7: Miscellaneous Provision

Article 52

The CAA arbitration rules shall enter into force on the date on which the CAA Board of Directors has resolved to adopt them; and the same procedure shall also apply to any future amendments.