

The Mediation Center of the Chinese Arbitration Association, Taipei

Mediation Rules

Effective as of October 29, 2008

Amended on March 25, 2009

INTRODUCTION

The Mediation Center (the “Center”) is established pursuant to Article 3 of the articles of the Arbitration Association of the Republic of China (the “Association”). The Center’s primary task is the administration of mediation proceedings. In addition, the Center trains mediators, maintains collections of foreign and domestic mediation precedents, rules and regulations, and promotes mediation as a method of alternative dispute resolution.

Article 1 The mediation rules are passed pursuant to Article 3 of the articles of the Association.

Article 2 The Center accepts cases for mediation at the request of one or more disputing parties. These rules shall govern disputes submitted to the Center. But if the parties have agreed to adopt a different set of mediation rules, their agreement shall prevail.

Article 3 A person does not have to be an arbitrator affiliated with the Center to be a mediator.

If a dispute is settled by a mediator who is an arbitrator affiliated with the Center, the effect of the settlement is governed by Article 45 of the Arbitration Law.

If a dispute is settled by a mediator who is not an arbitrator affiliated with the Center, the Center may ask a notary public, pursuant to Article 14, Section 1 of the Civil Notaries Law, to notarize the settlement agreement if the disputing parties so request.

The procedure and fees of notarization are governed by the Civil

Notaries Law and other pertinent rules and regulations.

Article 4 Disputing parties may agree to select the venue and method of mediation. If the parties have not agreed on either, the mediator shall decide.

The Center may host mediation in venues outside the jurisdiction of the Republic of China.

The Center may accept cases other than those acceptable for arbitration under the Arbitration Law.

Article 5 The mediator may determine the mediation procedure. However, if the disputing parties have agreed otherwise, the procedure they agreed on shall prevail.

The mediator shall be independent and impartial, and must personally mediate the dispute.

The mediator shall be candid and courteous and shall provide adequate assistance to the parties in reaching a settlement.

Article 6 The mediator shall, before the beginning of mediation, notify the disputing parties and inform them of the following:

- (1) that the mediation is conducted on mutual accord of the parties, and that each party may terminate the mediation procedure at any time prior to settlement;
- (2) the procedure of mediation;
- (3) the limit of the mediator's authority and the mediator's neutrality;
- (4) the agent or attorney shall have authority to settle the dispute;
- (5) effect of the settlement;
- (6) confidential nature of the mediation process and the need to maintain confidentiality of the mediation proceedings; and
- (7) other matters the mediator shall notify the parties about pursuant to other laws or regulations or the agreement of the parties.

Article 7 Disputing parties shall pay mediation fees, and submit the following documents:

- (1) application forms, one copy for every mediator and respondent;
- (2) retainer letter, if represented by an agent or lawyer; and
- (3) mediator's letter of consent, signed by the mediator and the disputing parties, containing the name and address of the mediator, if the parties have agreed on who to appoint as their mediator.

Article 8 The disputing parties shall fill in the following on the application form:

- (1) names and addresses of the disputing parties. If a party is a legal person or a private or governmental entity, the name and address of the office or place of business;
- (2) if an agent or lawyer is retained, the name and address of the agent or lawyer;
- (3) the amount in dispute;
- (4) supporting statement of fact; and
- (5) the day, month, and year.

The mediator may request additional information or evidence that he or she deems necessary.

Article 9 The Center shall, after receiving the application form, notify the claimant of any errors within a specified time and shall mail the application form and all other relevant documents to the respondent, unless the error is in one of the kinds of information listed under the preceding two articles.

Article 10 If a disputing party desires to submit additional supporting documents or provide additional explanations, it shall send copies of the documents to the opposing party prior to the day of the commencement of mediation.

Article 11 On the day of mediation, if a disputing party or both disputing parties fail to appear, the mediator can reschedule the session. But if the mediator determines that a settlement cannot be reached, the mediator shall send notice to the parties to terminate the proceedings. The mediation is presumed to have been terminated on the fifteenth day after both disputing parties received the notice to terminate and do not respond.

Article 12 A disputing party may, with approval of the other party or the mediator,

submit papers to the Center via facsimile or other electronic means that are approved in accordance with the Center's rules of submission. Submission via such electronic means shall be as valid as a hard copy submission.

Article 13 Articles 7 and 8 of these Mediation Rules may govern where the respondent submits a counterclaim. The counterclaim and the original claim may be mediated at the same time.

Article 14 Unless the disputing parties agree otherwise, only one mediator shall be appointed.

If the disputing parties have agreed to appoint more than one mediator, their agreement shall govern; however, the maximum number of mediators per dispute shall be three. If the parties do not agree on the number and method of selection of mediators, the Center may appoint a mediator, subject to the disputing parties' approval.

If any party rejects the Center's selection of the mediator, the Center shall propose another suitable candidate.

If any one of the disputing parties submits a refusal to appoint a mediator in writing within 10 days of the Center's proposal of a candidate, and if both parties cannot jointly appoint a mediator 15 days after the Center receives the written refusal to appoint a mediator, the mediation is presumed to have been terminated.

If the parties appoint more than one mediator, the mediators shall nominate one mediator as the principal mediator. If the mediators fail to nominate one within five days, the Center shall appoint one.

Only those who are registered as mediators at the Center may be appointed as mediator by the parties or by the Center.

Article 15 If the mediator refuses to or cannot appear for any reason, including death, or delays the mediation procedure, the parties may appoint another mediator or request the Center to appoint one for them. If the parties cannot appoint a new mediator within 15 days, or do not ask the

Center to appoint one, the mediation is presumed to have been terminated.

Article 16 The Center shall notify the disputing parties of the time and venue of mediation. The mediator may, upon request by any disputing party or by his or her authority, reschedule the mediation.

Article 17 The mediator shall give the disputing parties full opportunity to present their arguments. He or she shall encourage parties to submit evidence, conduct on-site inspections or examine evidence whenever necessary.

Relevant governmental organizations may be asked to provide assistance during mediation, if necessary.

Article 18 The mediator may communicate with the parties together or with any party separately. The mediator may not disclose a party's confidential information to the opposing party.

The mediator, disputing parties, witnesses, and employees of the Center have the duty of maintaining confidentiality.

If the disputing parties agree otherwise, or if other laws permit disclosure, the duties of maintaining confidentiality under the preceding two sections are waived.

Article 19 If any party requests the mediator to investigate any matters, the mediator may, after consulting that party's opinion, decide whether to carry out the requested investigation.

Article 20 If any of the disputing parties fails to show up at the time for mediation, the mediation shall not proceed, unless that party's assigned agent is present.

Article 21 If the mediator believes that an interpreter is needed, the Center shall be notified in advance.

Article 22 The Rules of Civil Procedure of the Republic of China regarding delivery of documents may apply to delivery of documents to the

Center.

Article 23 The Center does not make sound recordings of or transcribe the mediation proceedings.

Article 24 A settlement is reached when the parties mutually agree on a resolution and the mediator completes the settlement agreement at the place of mediation.

Unless the parties agree otherwise, the settlement agreement shall be signed by the parties, or their agents, and by the mediator, and shall contain the following information:

- (1) names and addresses of all disputing parties; if a party is a legal person or an institution or organization, its full name and the address of its office or place of business;
- (2) if a party is represented by an agent, the name of the agent and his or her address;
- (3) If an interpreter is used, the name, nationality, and address of the interpreter;
- (4) The subject matter of the mediation;
- (5) The settlement terms; and
- (6) The venue of settlement and day, month, and year of mediation.

The mediator shall notify the Center within 10 days of the completion of the settlement agreement. The mediator shall keep the original of the settlement agreement for 20 years.

Article 25 If the parties cannot reach a settlement, but request the mediator to give settlement recommendations, the mediator may give written recommendations with explanations to the parties.

If the parties do not request the mediator to give settlement recommendations, the mediator may still give recommendations, unless the parties object to it.

Article 26 In matters involving proprietary rights, the mediator may set specific settlement terms or prices that are selected from a number of acceptable terms or range of prices agreed on in writing by the disputing parties.

Settlement agreements entered in the above manner will not require further approval from the disputing parties.

Article 27 If a mediation settlement cannot be reached by mediation, the dispute may be submitted for arbitration if the disputing parties consent to do so in writing.

In the event that a dispute is submitted for arbitration, the parties shall pay the full cost of arbitration.

The mediator shall not act as agent of either disputing parties in arbitration.

Unless the disputing parties have approved in writing, the mediator shall not assume the role of an arbitrator.

Article 28 An arbitrator may, before the arbitration award is made, apply these rules to settle a dispute if the disputing parties and the arbitrator believe that the dispute is suitable for reconciliation.

In the above circumstances, the disputing parties need not pay mediation fees.

Article 29 Mediation and the settlement agreement are recommended to be conducted or made in Mandarin Chinese. However, if the parties agree to use another language, their agreement shall govern.

Article 30 The Center may be entrusted to mediate disputes for other organizations or institutions. Unless the disputing parties agree otherwise, the Center's mediation rules shall govern.

Article 31 The Center has established the "Mediator Ethics Committee," which has drafted and enforces the "Rules of Mediator's Professional Responsibility" and provides pertinent suggestions to the Center.

Articles 18 to 28 of the Codes of Ethics for Arbitrators are also applicable to the organization of the Ethics Committee and its hearing procedure.

Article 32 These Mediation Rules, as well as any amendments thereto, shall enter into force on the date on which the board of directors resolves to adopt them.