LEGISLATIVE DECREE NO. (30) FOR THE YEAR 2009

JUNE 2009
LEGISLATIVE DECREE NO. (30) FOR THE YEAR 2009
with respect to the Bahrain Chamber for Economic,
Financial and Investment Dispute Resolution

We Hamad bin Isa Al Khalifa, King of the Kingdom of Bahrain having reviewed the Constitution; specially article 38 thereof,

The Civil and Commercial Procedures Law promulgated by the legislative decree No. (12) for the year 1971 as amended,

Legislative Decree No. (3) for the Year 1972 with respect to the Judicial Fees as amended,

The Advocacy Law promulgated by the Legislative Decree No. (26) for the Year 1980 as amended Legislative Decree No. (4) for the Year 1988 with respect to the approval of the state of Bahrain to the accession with reservations to the New York Convention regarding the recognition and enforcement of the foreign arbitration awards 1958,

The Cassation Court Law promulgated by the Legislative Decree No. (8) for the year 1989,

Legislative Decree No. (9) for the year 1993 with respect to the establishment of Bahrain International Commercial Arbitration Center,

Legislative Decree No. (9) for the year 1994 with respect to promulgating International Commercial Arbitration Law,

The Civil Evidence Law for Civil and Commercial matters promulgated by the Legislative Decree No. (14) for the year 1996 as amended by Law No. (13) for the year 2005,

The Judicial Authority Law promulgated by the Legislative Decree No. (42) for the year 2002 as amended by Law No. (50) for the year 2006,

The Central Bank of Bahrain and Financial Institutions Law promulgated by Law No. (64) for the year 2006 Royal order No. (24) for the year 2009 referring the draft law to establish the Bahrain Chamber for Economic, Financial and Investment Dispute Resolution to the Constitutional Court after it has been approved by the Consultative Council and the Deputies Council,

The report of the Constitutional Court issued on the 25th of June 2009, published in the Official Gazette issue No. 2901 dated 25-6-2009, and implementing its comments contain therein about articles 1, 10, 23, 24 and 26 And upon the submission of Minister of Justice and Islamic Affairs, We, therefore, promulgate the following Law:
PRELIMINARY CHAPTER

Article (1)

In applying the provisions of this law the following words and expressions shall have the meanings assigned to them unless the context requires otherwise:

Chamber: Bahrain Chamber for Dispute Resolution.

Minister: The Minister concerned with Justice affairs.

Regulation: The regulation of dispute resolution procedures stipulated in Section (1) of Chapter (2) of this law which shall be issued by an order of the Minister after the approval of the Supreme Judicial Council.

Procedural Rules: The procedural rules for the resolution of disputes stipulated in Section (2) of Chapter (2) of this law which shall be issued by resolution of Board of Trustees.

Dispute Resolution Tribunal: One or more natural person(s) designated to settle the disputes. In all disputes conducted under the provisions of Section 1 of Chapter 2 of this law, the Tribunal shall include one or more Judges deputized by the Supreme Judicial Council upon a request from the Minister. A majority of the Tribunal shall consist of deputized Judges.

Chief Executive: The Chamber Chief Executive designated pursuant to article (6) of this law.

Board of Trustees: The Chamber Board of Trustees.

CHAPTER ONE
Establishment and Organization of the Bahrain Chamber for Dispute Resolution

Article (2)

An independent Chamber shall be established for the settlement of economic, financial and investment disputes and shall be called the "Bahrain Chamber for Dispute Resolution." It shall have legal entity, and be subject to the administrative supervision and oversight of the Minister.
Article (3)

The Chamber shall be composed of:

a. The Board of Trustees.

b. The Administrative and Technical apparatus.

Article (4)

a. The Board of Trustees shall be composed of not less than seven members including the chair person. Their appointment and duration of their membership shall be determined by a decree.

b. The remuneration of the chairperson and members of the Board of Trustees shall be determined by a decree.

Article (5)

a. The Board of Trustees shall be the supreme authority that deals with the Chamber’s affairs devising the policies to be implemented and supervising their implementation. The Board of Trustees shall undertake what it deems necessary to conduct its duties and authorities, especially the following:

1. Devising and approving the Chambers financial and administrative bylaws, issuing regulations and resolutions, and undertaking the necessary measures to implement the provisions of this law.

2. Approving the organizational structure of the chamber and issuing a regulation regulating Chamber employees’ affairs; including procedures and rules of appointment, promotion, transfer and determination of salaries, indemnities and disciplinary procedures and work ethics and values in the Chamber and all other such matters subject to the provisions of the Civil Service Law.

3. Issuing the procedural rules.

4. Approving the Chamber’s annual budget draft, and approve its final audited account.
5 Studying the periodic reports submitted by the Chief Executive about the conduct of work in the Chamber, and responding by taking the measures it deems necessary.

6 Appointing the Chamber Chief Executive.

7 Appointing one or more Chief Registrar(s) for the Chamber upon the Chief Executive’s suggestion.

8 Approving the annual report of the Chamber’s work and activities.

9 Devising the Chamber’s work plan at the beginning of each year.

10 Determining the authorities and duties of the Chief Executive and the Chief Registrar(s) and evaluating their performance.

11 Appointing an External Auditor to audit the Chamber’s Accounts and determining the fee of the External Auditor.

12 Communicating with local, regional and international institutions working in the same field for exchanging experiences and visits, concluding cooperation agreements and training in a manner that will enable the Chamber to achieve the objectives it was established for, and to acquire global reputation in the field of its mandate.

b The Board of Trustees may delegate specific tasks to one or more committees composed of Board members, or to the Chairman, or to any Board members, or to the Chief Executive.

Article (6)

a The Board of Trustees shall convene at least four times a year. The Chairperson of the Board shall call an extraordinary meeting when deemed necessary, or upon a reasoned written request from the Minister, at least two members of the Board of Trustees, the Chief Executive, or the external Auditor of the Chamber. This call for an extraordinary meeting shall be made within thirty days of the date of receiving the written request.

b The invitation to the meeting shall contain a statement of the purpose thereof and an attached agenda.
c The Chief Executive shall attend all meetings of the Board of Trustees except in the instances specified in the internal by laws. The Board may invite to its meetings experts and others concerned to discuss or hear their opinions as nonvoting participants.

d The Board of Trustees shall appoint a Board Secretary who prepares Board agendas, writes down minutes of meetings, retains all documents and records pertaining to the Board of Trustees, and undertakes any other tasks assigned by the Board within the scope of work of the Chamber.

e Within a period not exceeding six months from the issuance of the law, the Board of Trustees shall draft its internal bylaws. The bylaws must include provisions to organize its work and to conduct its meetings through appropriate modern technical methods as well as the mechanisms and means to make resolutions in urgent matters that arise between the meetings of Board of Trustees.

Article (7)

The Chief Executive shall be the head of the Administrative and Technical Apparatus of the Chamber, and shall represent the Chamber before the courts and in dealings with others.

Article (8)

a The Chamber shall have an independent budget based on commercial pattern. The Budget revenues shall consist of the following:

1 Fees and revenues levied by the Chamber in lieu of its services.

2 Sums allocated to the Chamber by the Government in the general budget of the State.

3 Any other revenues approved by the Board of Trustees, which are not contrary to the provisions of the law.

b The surplus of the Chamber’s budget shall be forwarded from one year to the next.

c An annual statement of the Chamber shall be published after its endorsement by the external auditor and the Board of Trustees. Chapter (2) Chamber Jurisdiction.
CHAPTER TWO
Chamber Jurisdiction

Section (1) Chamber Jurisdiction by Law

Article (9)

The Chamber shall have jurisdiction to settle the following disputes originally within the jurisdiction of Bahrain courts or other entities having judicial jurisdiction, for cases in which the value of the claim exceeds Five Hundred Thousand Dinars:

1. Disputes among financial institutions licensed according to the provisions of the Law of Central Bank of Bahrain or between these institutions and other institutions, companies, and individuals.

2. International Commercial Disputes. The dispute shall be deemed international if the location of one of the disputant parties or the place where a substantial part of the obligations of the commercial relationship is to be performed, or the location most closely connected with the dispute is outside the Kingdom.

A dispute shall be deemed commercial if its subject matter, contractual or non-contractual, concerns relationships of a commercial nature including any transaction of supplying goods or services or the exchange thereof, distribution agreements, commercial representation or commercial agency, managing rights before others, hiring to purchase, construction of factories, consultation services, engineering works, issuing licenses, investment and financing, banking transactions, insurance, franchising agreements, joint ventures, any other forms of industrial or commercial cooperation, and transporting commodities or passengers by air, sea or land.

Article (10)

Subject to the restraints stipulated in the Legislative Decree No. (3) for the year 1972, with respect to Judicial Fees, if the dispute before the Chamber is to be conducted in accordance with the provisions of this section, no procedures shall be conducted before the Chamber unless the due fees are obtained in advance. Fee categories shall be determined and modified by a resolution from the Minister after the approval of the Cabinet of Ministers, not exceeding 5% (five per-cent) of the value of the claim. A resolution by the minister may postpone the payment of fees or exempt all or part of the fees.
Article (11)

a Parties to the dispute before the Chamber, in accordance with the provisions of this section, may agree upon the applicable law relevant to the subject matter of the dispute provided that the provisions of the agreed law do not contradict the public order in the Kingdom. If the parties did not agree upon the applicable law, the Law of Bahrain shall be the applicable law to the subject matter of the dispute.

b If the parties have agreed to choose a law other than the Law of Bahrain in accordance with the provisions of Paragraph (a) of this Article, parties are obliged to submit that law to the Dispute Resolution Tribunal in accordance with the regulations and procedures cited in the regulation.

Article (12)

a If the parties did not agree upon a chosen language(s) to be used in the dispute resolution procedures, conducted before the Chamber in accordance with the provisions of this section, the Arabic language shall be the language to be used.

b The regulation shall stipulate the provisions regulating the translation of documents and papers to the language(s) used in the dispute resolution procedures.

Article (13)

The parties to the dispute before the Chamber, in accordance with the provisions of this section, may challenge before the Cassation Court requesting nullification of the award issued by the Dispute Resolution Tribunal in any of the following cases:

1 The Challenging party was not properly served a notice of the appointment of a member of the Dispute Resolution Tribunal or the dispute resolution procedures, or was not enabled to present his defense.

2 The composition of the Dispute Resolution Tribunal or the dispute resolution procedures is contrary to what is stipulated in the regulation.

3 The award of the Dispute Resolution Tribunal contradicts the public order in the Kingdom of Bahrain.
4. If an act of deception or fraud that influenced the Dispute Resolution Tribunal award was committed by a party or his representative.

5. If after the Dispute Resolution Tribunal award, an admission that papers upon which the award was based were forged or were adjudicated forged, or if the award was based upon testimony of a witness which was adjudged false.

6. If after the Dispute Resolution Tribunal award, a party obtained decisive papers of the case, the submission of which was obstructed by his opponent.

7. If the Dispute Resolution Tribunal award ruled in a matter not claimed by the opponents or by more than what had been claimed. However, if it was possible to isolate the orders related to the claims of the opponents from the other orders, then it is not permissible to annul from the dispute resolution tribunal award other than that part which contains the orders related to the matters which the award had adjudicated in matters not claimed by the opponents or by more than they claimed.

8. If the dispute resolution tribunal award contradicts another award having res judicata status provided that all the opponents in both cases are the same persons and status and the subject matter of the case is the same subject matter in the previous case.

**Article (14)**

The challenge stipulated in Article (13) of this law shall be filed in the ordinary manner for filing the case within thirty days of the date of the award, or its notification as the case may be, such period shall be calculated in regard to the instances stipulated in paragraphs (4) to (6) of Article (13) of this law, from the first day the fraud appeared or the admission of the forger or the judgment evidencing the forgery or the judgment against the committer of the false testimony or the day the withheld paper appeared.

The plaint of challenge must include the challenge reasons, otherwise it shall be void. The challenger must deposit upon filing the plaint a sum equivalent to 2% of the awarded sum or ten thousand Bahrain Dinars whichever is more. The plaint of challenge shall not be accepted unless accompanied by proof of deposit. It is sufficient to provide a single deposit when multiple challengers file their challenge in a single plaint; even if the challenge reasons were different, the court shall confiscate the deposit or a part thereof if the court adjudged denying the challenge or non acceptance or its lapse.
Article (17)

The Cassation Court alone shall have the jurisdiction to determine whether the Chamber or one of the courts has the jurisdiction to settle a dispute if the case concerning the same subject was filed before both of them and neither of them waived its jurisdiction or both of them waived their jurisdictions. The Cassation Court shall have the jurisdiction to settle the dispute concerning execution of two contradictory judgments, one issued by the Chamber and the other issued by one of the courts.

The request shall be filed in a plaint submitted to the court’s clerk section and the disputants shall be notified in accordance with the rules related to notification stipulated in the Civil and Commercial Procedures law. The disputants are entitled to submit a memorandum of response thereon within eight days following the date of their notification. After the opinion of the Technical Bureau of the court in the request, the Bureau shall submit it to the Chief of the Court to determine a session to examine the matter before the court and notify the disputants at least three days before the session. Unless the Cassation Court decides otherwise, the filed request shall not suspend the conduct of the concerned case. If the request is submitted after the judgment in the case the Cassation Court may suspend any or both of the contradictory judgments.

Article (18)

The Supreme Judicial Counsel shall oversee the conduct of the work in the Chamber in connection with the disputes under its jurisdiction, as an entity with a judicial jurisdiction in accordance with the provisions of this section and pursuant to the provision stipulated in the regulation.

Section (2) Chamber Jurisdiction by Parties Agreement

Article (19)

The Chamber shall be competent in disputes that the parties agree in writing to settle by the Chamber.
Article (20)

If the dispute before the Chamber has been conducted in accordance with the provisions of this section, then determination of cost and remuneration shall be in accordance with provisions mentioned in the Procedural Rules.

Article (21)

If the parties did not agree upon the applicable law on the subject matter of the dispute and the dispute before the Chamber has been conducted in accordance with the provisions of this section, the Dispute Resolution Tribunal shall determine the law specified by the rules of conflict of laws that the Tribunal deems applicable to the subject matter of the dispute.

Article (22)

a If the parties did not agree upon the language(s) to be used in the disputes resolution procedures and the dispute is conducted before the Chamber in accordance with the provisions of this section, the dispute resolution tribunal shall specify the language(s) to be used in these procedures.

b The Procedural Rules shall stipulate the provisions regulating translation of documents and papers to the language(s) used in the dispute resolution procedures.

Article (23)

a The award of the Dispute Resolution Tribunal issued in accordance with the provisions of this section shall be enforceable by an order issued by a High Court of Appeal Judge upon a request petition submitted by the enforcement order applicant accompanied with the original Dispute Resolution Tribunal award and a copy of the dispute resolution agreement, and after seeing the award and the agreement, and assuring that it does not contravene with Public Order in the Kingdom.

b The order of the High Court of Appeal Judge concerning the request of the enforcement of the Dispute Resolution Tribunal award shall be reasoned, the dispute parties may petition thereof, before the High Court of Appeal within thirty days from its issuance.
or its notification, as the case may be, for any reasons stipulated in paragraph (a) in article (24) of this law.

c The Judge who issued the order concerning the enforcement request, shall not be included in the composition of the court selected to adjudicate the petition.

**Article (24)**

a The parties before the Chamber, in accordance with the provisions of this section, may challenge before the Casation Court the award issued by the Dispute Resolution Tribunal. They may also submit before the same court a petition against the order issued by the High Court of Appeal concerning the enforcement request, within the period stipulated in article (23) of this law, for any of the following reasons:

1 Nullity of the Agreement to settle the dispute before the Chamber due to incapacity of one of the parties or due to this agreement contravening provisions of the applicable law chosen by the parties.

2 The challenger or the petitioner was not served a notice in a proper manner regarding the appointment of a member of the Dispute Resolution Tribunal or the dispute resolution procedures or was not enabled to present his defense.

3 Composition of the Dispute Resolution Tribunal or the dispute resolution procedures are contrary to what was stipulated in the parties’ agreement.

4 The Dispute Resolution Tribunal award dealt with an unintended dispute or one not contained in the submitted agreement or contains orders in matters outside the scope of the agreement. However, if it was possible to isolate the orders related to the submitted matters to the Tribunal from the other orders not submitted thereto, then it is not permissible to set-aside the Dispute Resolution Tribunal award except that part which contains the orders related to the matters which were not to be submitted to the tribunal.

5 The award of the Dispute Resolution Tribunal contradicts the public order in the Kingdom of Bahrain.

b The challenge or petition stipulated in paragraph (a) of this article shall be filed in the ordinary manner for filing the case, and its plaint must include the reasons upon which it was based, otherwise it shall be void.
The challenger or the petitioner must provide upon filing the plaint the deposit stipulated in the law of Cassation Court. The plaint of challenge or petition shall not be accepted if it was not accompanied by proof of the deposit. It is sufficient to provide a single deposit when multiple challengers or petitioners file their challenge or petition in a single plaint; even if the reasons were different the court shall confiscate the deposit or a part thereof if the court adjudged denying the challenge or the petition or non acceptance or its lapse.

Filing the Challenge or the petition stipulated in this article, shall not suspend the enforcement of the award of the Dispute Resolution Tribunal Unless the Cassation Court decides to suspend the enforcement upon the challenger or the petitioner requests in the challenge or petition plaint.

Article (25)

Without prejudice to the procedures stipulated in Articles (23) and (24) of this law concerning enforcement of the Dispute Resolution Tribunal award, parties to the dispute shall not be entitled to challenge on nullity base against the award issued by the Dispute Resolution Tribunal in accordance with Article (24) of this law, if the parties have agreed in writing to choose a foreign law concerning the dispute, and they shall not be entitled to challenge the award before Bahrain’s Courts, and that the challenge against the award shall be before the competent authority in another state.

CHAPTER THREE
Regulation of Procedures before the Chamber

Article (26)

Rules specified in the Civil and Commercial Procedures Law and the Evidence Law in Civil and Commercial Matters, in so far not contradicting the nature of the Chamber’s jurisdiction and the situations before it, shall apply upon the procedures and the dates to be applicable to disputes pending before the Chamber in accordance with the provisions of section (1) of Chapter (2) of this law, including the procedures of submission of the case, its management, terms of appointment and choosing members of the Dispute Resolution Tribunal, the rules governing their challenge, and reasons for their refusal and terms of the parties’ representation before the Dispute Resolution Tribunal, instances of disqualification of those appointed to settle the dispute, the provisions regulating payment of fees and costs and its deposit with the Chamber and other
related matters necessary to regulate the procedures, including provisions of appearance, absence, intervention, joinder, construe the awards, correcting typos, arithmetical mistakes and lapse of claims. Details of such shall be contained in a regulation issued by the Minister after the approval of the Supreme Judicial Counsel within a period not exceeding six months from the issuance of the law.

**Article (27)**

**a** The Board of Trustees, within a period not exceeding six months from the issuance of the law, shall issue the Procedural Rules that stipulate the means for the resolution of disputes before the Chamber, the applicable rules and procedure before the Chamber, the dates applicable to disputes pending before the Chamber subject to the provisions of section (2) of Chapter (2) of this law, including the procedures of submission of the case, its management, terms of selection and appointment of members of the Dispute Resolution Tribunal, the rules governing their challenge, and reasons for their refusal and terms of the parties’ representation before the Dispute Resolution Tribunal, instances of disqualification of those appointed to settle the dispute, rules to determine the fees of Dispute Resolution Tribunal, and the provisions regulating payment of fees and costs and deposits with the Chamber and other related matters necessary to regulate the procedures, including provisions of appearance, absence, construe the awards, correcting typos and arithmetical mistakes and lapse of claims.

**b** The Board of Trustees may issue special procedural rules containing rules and procedures to be applicable in certain types of disputes before the Chamber subject to the provisions of Section (2) of Chapter (2) of this law.

**Article (28)**

If the Chamber has jurisdiction over the dispute, the Chamber shall be the authority to appoint whom it deems to resolve the dispute no matter what procedural rules are to be applied to the dispute.
Article (29)

Chosen Members of the Dispute Resolution Tribunal shall be neutral and independent. Every member chosen to resolve the dispute, and before his appointment, shall disclose to the appointing authority any circumstances or conflicts that might arise or lead one to have any doubt about his neutrality or independence.

Article (30)

On application of the provisions of this Law, and subject to the provisions of the Regulation and the Procedural Rules:

a. It is not permitted for non Bahraini lawyers to represent disputants unless accompanied by a Bahraini Lawyer licensed before the Cassation Court; if the submitted dispute has been conducted in accordance with the provisions of Section (1) of Chapter (2) of this law.

b. Non Bahraini lawyers may represent disputants; if the submitted dispute has been conducted in accordance with the provisions of Section (2) of Chapter (2) of this law.

Article (31)

A judge, deputed by the Supreme Judicial Council, shall have jurisdiction in the following:

a. Issuing necessary decision to conduct dispute resolution procedures which required a judicial intervention upon the Dispute Resolution Tribunal request.

b. Deal with interim matters which fall between the submission of the dispute to the Chamber and the composition of the Dispute Resolution Tribunal or in exceptional situations that might prevent the Dispute Resolution Tribunal for dealing with the interim application. The deputed Judge shall refer the application to the Dispute Resolution Tribunal immediately after its composition without any interruption of the jurisdiction of the Dispute Resolution Tribunal to deal with the interim applications.

The petition against the interim decision shall be submitted to the Judge who issued the decision or to the Dispute Resolution Tribunal after its composition, as the case may be. The issued decision in the petition shall be final and not subject to challenge by any means. The regulation and the procedural rules shall specify the provisions governing the submission of such petition and the decision to be taken thereof.
Article (32)

The award of the Dispute Resolution Tribunal shall be issued in writing and signed by the Dispute Resolution Tribunal in accordance with the rules stipulated in the regulation and the procedural rules.

CHAPTER FOUR
Licensing of Dispute Resolution Institutions

Article (33)

The Minister, after the approval of the Cabinet of Ministers, may license Dispute Resolution Institutions to practice in the Kingdom of Bahrain and to have the Kingdom as a centre, and determine the due fees. The licenses shall govern the performance of their operations.

Article (34)

Provisions of Articles (23), (24), (25), (30/b), (35) and (36) of this law, shall apply to all the Institutions mentioned in the previous article.

CHAPTER FIVE
General Provisions

Article (35)

Provisions of Civil and Commercial Procedures Law and Evidence Law shall not be applicable to any dispute falling within the jurisdiction of the Chamber according to the provision of this Law, only to the extent that they do not contradict with the provisions of this law.

Article (36)

The Chairperson and the Members of the Board of trustees, or the Chief executive, or the Chief Registrar, or any employee of the Chamber shall not be liable for any act of commission or omission that result in damages for others if such was due to carrying their duties within their limits of their authorities stipulated in this Law or regulations or decisions to implement therefore, unless it was committed with bad intention or it was a result of a gross mistake.
Any Dispute Resolution Tribunal member had been appointed in accordance with the provisions of this Law, shall not be liable for any act of commission or omission in the manner of performing his duties, unless the act was committed with bad intention or it was a result of a gross mistake. This provision shall apply to those who work for the Dispute Resolution Tribunal member or deputies authorized by him to perform some of the duties related to tasks assigned to him. This shall not waive the responsibility of the Dispute Resolution Tribunal member if he steps aside without any serious reason or in improper time.

The Chamber shall not be liable for any act of commission or omission emanating from the Chairperson and the Members of the Board of trustees, or the Chief executive, or the Chief Registrar, or any employee of the Chamber, or any Dispute Resolution Tribunal member, or any other official acts on its name or on its behalf, unless such act of commission or omission was committed with bad intention or it was a result of a gross mistake.

Article (37)

The Provisions of the Law No. (13) for the Year 1975 with respect to the Pension and Retirement Benefits for Civil Servants and its amendments shall apply on the Chamber’s employees.

Article (38)

The legislative decree No. (9) for the year 1993 with respect to the establishment of Bahrain International Commercial Arbitration Center shall be revoked, as well as any text that contradicts the provisions of this law.

Article (39)

The Prime Minister and the Ministers, each within his respective jurisdiction, shall implement the provisions of this Law which shall become effective from the following day of the date of its publication in the Official Gazette; provided that the chamber shall commence its jurisdiction stipulated in Chapter 2 of this law after six months from its effectiveness’ date.
The King of the Kingdom of Bahrain
Hamad Bin Isa Al-Khalifa

The Prime Minister
Khalifa Bin Salman Al-Khalifa

The Minster of Justice and Islamic Affairs
Khalid Bin Ali Al-Khalifa

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