

**INTERNATIONAL RULES OF
THE ISRAELI INSTITUTE
OF
COMMERCIAL ARBITRATION
(Tel Aviv)**

Definitions and interpretation:

An "Arbitration Agreement" includes: a document containing the parties' consent for future Disputes (defined below) to be resolved by arbitration; a document containing the parties' consent to submit an existing Dispute for resolution by arbitration; a clause in a contract containing the parties' consent to submit a future Dispute or an existing Dispute to arbitration; or a transcript (or a portion thereof) of a court hearing in which the parties' consent to submit an existing Dispute for resolution by arbitration is memorialized.

The "Arbitration Law": The Israeli Arbitration Law (1968);

A "Business Day" does not include Friday, Saturday, or any national or religious holiday (including *isru hag*) in Israel. With respect to cases within the scope of the first sentence of the Applicability Of These Rules section below, a "Business Day" also does not include any day on which banks are closed for business in the country in which a non-Israeli party is domiciled.

The "Court": The Tel Aviv District Court;

A "Dispute" includes a claim, controversy, demand, or suit, regardless of the nature of relief that is sought or requested in order to remedy, compensate, or resolve the dispute.

The "IICA": The Israeli Institute of Commercial Arbitration;

An "International Agreement" includes an agreement between two or more businesses or persons that maintain their principal places of business in different states.

An "International Arbitration Agreement" is an Arbitration Agreement that is an International Agreement.

The "International List": The IICA's list, updated from time to time, of international arbitrators, including a general description of each arbitrator's credentials and experience.

A "Multiple Arbitrator Statement": A conspicuous statement by a party that it is of the view that the adjudication of the Dispute will require more than one arbitrator.

The "President": The President of the IICA.

Notwithstanding any other provision hereof, whether a matter is capable of resolution (in whole or in part) through arbitration is to be determined by Israeli law.

Unless the context clearly indicates a contrary intention, (a) the use of one gender includes the other, (b) the use of the singular includes the plural, and vice versa, and (c) the use of the word "including" is intended to be without limitation.

Applicability Of These Rules:

Parties to an International Arbitration Agreement, which is entered into after the effectiveness of these International Rules, who agree therein that a Dispute will be adjudicated by or under the auspices of the IICA shall be deemed to have agreed to arbitration that will be conducted pursuant to these International Rules (the "International Rules"), as in force on the date of commencement of the arbitration.

Parties to an Arbitration Agreement that is not an International Agreement shall be deemed to have agreed that the arbitration will be conducted pursuant to these International Rules, as in force on the date of commencement of the arbitration, if such agreement expressly references international rules of the IICA.

ARTICLE 1: ARBITRATION APPLICATION AND STATEMENT OF CLAIM

1.1 Arbitration Application and Exhibits

- (a) A party that wishes to commence an arbitration to which these International Rules are applicable shall submit to the IICA a typed application, which shall include the following:
 - (i) The name, address, and full contact information of each party to the dispute;
 - (ii) The name, address, and full contact information of the claimant's attorney;
 - (iii) The nature of and the amount(s) in dispute;
 - (iv) Notwithstanding any provision in the Arbitration Agreement, if the claimant is of the view that the adjudication of the Dispute requires more than one arbitrator, the application shall include a Multiple Arbitrator Statement; otherwise the claimant shall, subject to section 2.3, be deemed to have waived any right (contractual or otherwise) to request that the Dispute be adjudicated by more than one arbitrator.
- b) With its application, the claimant shall file a copy of the Arbitration Agreement that evidences that these International Rules apply to the Dispute. The application shall state that these International Rules apply to the Dispute.
- c) If the claimant is of the view that the substantive law of a jurisdiction other than Israel applies (in whole or in part) to the Arbitration Agreement, the claimant shall so state in its application.
- d) The application may set forth the claimant's views concerning any special requirement(s) with respect to the field(s) of expertise of the arbitrator(s). If the claimant is of the view that the arbitrator(s) should be a lawyer(s) or retired judge(s), the application shall so state.
- e) The arbitration shall be deemed to have commenced upon the filing of the application and the statement of claim.
- f) The claimant shall (i) serve a copy of its application and statement of claim (including all exhibits and annexures) upon each defendant, and

- (ii) promptly confirm to the IICA, in writing, that such service was made.
- g) If the claimant does not comply with all the requirements of this subsection 1.1, the IICA may, after written notice to the claimant, refrain from proceeding with the arbitration.

1.2 Statement of Claim

- a) The claimant shall file its statement of claim with its application under section 1.1. The statement of claim shall set forth the facts relating to the Dispute and the claim(s) for relief sought. To the extent that the claimant is in possession of material documents that prove its claim, the claimant shall file them with the statement of claim.
- (b) If an amount of money is claimed, the statement of claim shall specify the amount with reasonable particularity.
- (c) As applicable, the statement of claim shall address the following issues with reasonable detail: (i) any claim of fraud, deceit, misrepresentation, undue influence, and the like; and (ii) whether the claimant is of the view that any issue in the Dispute is governed (in whole or in part) by the Standard Contracts Law (1982).

1.3 Pleadings (from court)

If an action had been filed in court and the parties subsequently agreed to refer the Dispute for adjudication under these Rules, unless the parties agree otherwise, the claimant shall file copies of the pleadings that had been filed in court (including the arbitration agreement as per section 1.1 above). Each party shall promptly notify the IICA, in writing, as to whether, in its view, there is any need to amend or supplement the pleadings that were filed in court, and the arbitrator(s) shall decide the issue as early as possible.

ARTICLE 2: STATEMENT OF DEFENSE

2.1 Statement of defense

- (a) Within thirty (30) calendar days of receiving the application (as per section 1.1), the statement of claim (as per section 1.2), and their exhibits and annexures, the defendant shall file its statement of defense. The statement of defense shall set forth the full contact information of defense counsel and shall respond to the substance of the factual assertions in the statement of claim. To the extent that the defendant is in possession of material documents (such as a waiver) that prove its defense(s), the defendant shall file them with its statement of defense.
- (b) Notwithstanding any provision in the Arbitration Agreement, if the defendant is of the view that adjudication of the Dispute requires more than one arbitrator, the statement of defense shall include a Multiple Arbitrator Statement; otherwise, the defendant shall, subject to section

2.3, be deemed to have waived any right (contractual or otherwise) to request that the Dispute be adjudicated by more than one arbitrator.

- (c) If the defendant is of the view that the substantive law of a jurisdiction other than Israel applies (in whole or in part) to the Arbitration Agreement, the defendant shall so state in its statement of defense.
- (d) The statement of defense may set forth the defendant's views concerning any special requirement(s) with respect to the field(s) of expertise of the arbitrator(s).
- (e) If the defendant is of the view that the arbitrator(s) should be (a) lawyer(s) or a retired judge(s), the statement of defense shall so state.
- (f) As applicable, the statement of defense shall address the following issues with reasonable detail: (i) any claim of fraud, deceit, misrepresentation, undue influence, and the like; and (ii) whether the defendant is of the view that any issue in the Dispute is governed (in whole or in part) by the Standard Contracts Law.
- (g) If a defendant does not timely file its statement of defense, the IICA may summon that defendant to appear before it, with the warning that, if the defendant does not appear, the IICA may render a default arbitral award in the amount sought in the statement of claim. Nothing in this subsection (g) shall derogate from the jurisdiction of the IICA to require a claimant to submit proof concerning the amount of damages or appropriateness of other remedy(ies) that it seeks. Until such time as an arbitrator is appointed, the President may exercise the jurisdiction conferred by this subsection.

2.2 Counterclaim

The deadline for filing any counterclaim shall be the date on which the defendant files its statement of defense. For good cause shown, the arbitrator may extend the deadline for submitting a counterclaim, *provided that* such an extension does not unreasonably delay the arbitration. The requirements of section 1.2 with regard to the statement of claim shall also apply to a counterclaim.

2.3 Defense to a Counterclaim

If a claimant wishes to defend against a counterclaim asserted against it or to deny the IICA's jurisdiction to hear such counterclaim, the claimant shall, within fifteen (15) Business Days of receiving the counterclaim, file a defense thereto. If a timely-filed Multiple Arbitrator Statement is not on file in the case, the claimant may file such a notice with its defense to the counterclaim.

2.4 Resolution of (Partial) Objection to Exercise of Jurisdiction

If any party objects to the IICA's jurisdiction to adjudicate any claim asserted against it, the arbitrator(s) may refer the issue to the Court by way of case stated, unless the parties had expressly authorized the arbitrator(s), in writing, to decide the issue of his/their jurisdiction. Nothing herein is intended to restrict the right of the arbitrator(s) to present any legal question to the Court by way of case stated.

ARTICLE 3: PAYMENTS

3.1 Table of payments

Subject to the provisions of this Article 3, the services rendered by the IICA shall be paid for equally by the parties pursuant to the allocation set forth in the IICA's table of payments, in force on the date of actual payment.

With respect to any claim that is not for a specific amount, or one that is not a monetary one, the parties shall pay the fees of the IICA in accordance with the IICA's table of payments in force at the time of the commencement of the arbitration.

3.2 Different Types of Expenses

- (a) Each party shall cover the costs attendant to the appearance of its witnesses, including, as applicable, expert witnesses.
- (b) Subject to the provisions of section 6.13, the arbitrator(s) is/are authorized to require the parties to make additional payments for extraordinary expenses, such as payments to an expert witness called by the arbitrator(s), or, subject to the provisions of sections 6.2 and 6.3, payments to a translator. Such payments shall be made by the parties in advance.
- (c) If, after consultation with the parties, the arbitrator decides to file with the Court any motion by way of case stated, whether concerning the conduct of the arbitration or concerning an award, the parties shall pay for the legal fees and related costs of the drafting and filing of such motion and the court fees relating thereto.
- (d) Under those circumstances in which an arbitrator, after full disclosure to and consultation with the parties, devoted a particularly extensive amount of time to the arbitration, the parties shall be charged an additional amount, as the arbitrator(s) shall reasonably require, after having received written authorization from the President.

3.3 Collection of payments

- (a) Prior to each arbitration session, each party shall pay to the IICA the amount required of it.
- (b) Failure to make a timely payment shall be considered as a non-appearance at an arbitration session, as per section 6.15.
- (c) If a party does not pay its required amount, and if the other party wishes the arbitration to continue, the latter may pay the amount owed by the party that failed to pay.

3.4 Security for costs

Upon any party's request, the arbitrator(s) may require the other party(ies) to deposit security (such as a bank guarantee) for the arbitration expenses. In considering whether to grant such an order against a non-Israeli party, the arbitrator(s) shall not take into consideration that such party is based or domiciled outside of Israel or that such party does not have assets in Israel.

Any order granted pursuant to this section 3.4 shall be in writing and shall set forth its reasoning.

3.5 Payments in Arrears

If a party is in arrears in payment(s), and no other party wishes to take upon itself the former's payment obligations, as per section 3.3(c), then the IICA may decide whether to stay the arbitration.

ARTICLE 4: ARBITRATOR(S) NUMBER AND SELECTION

4.1 Appointment of the Arbitrator(s) by the Parties

No later than thirty (30) Business Days after the receipt by the defendant of the application and the statement of claim, the parties may jointly request from the IICA a copy of the International List in order for them to jointly request the appointment of an arbitrator (or arbitrators) therefrom.

4.2 Determination of number of arbitrator(s) by the President; Effect of Multiple Arbitrator Statement

- (a) If the parties do not request to appoint an arbitrator jointly as per section 4.1, the President shall, subject to the provisions of this section 4.2, propose a sole arbitrator to adjudicate the Dispute. In so doing, the President shall take into account the subject matter of the Dispute, the parties' respective requests (if any) regarding the arbitrator's qualifications and areas of expertise, and whether the Arbitration Agreement requires that the arbitrator be bound by substantive law.
- (b) Subject to the provisions of this subsection (b), if the Arbitration Agreement provides that the Dispute is to be adjudicated by more than one arbitrator, then the President shall appoint such number of arbitrators. Notwithstanding the foregoing, (i) if no party has timely made a Multiple Arbitrator Statement, the President shall have the discretion to appoint a sole arbitrator to adjudicate the Dispute, and (ii) the President shall have the discretion not to appoint an even number of arbitrators.
- (c) If the Arbitration Agreement is silent as to the number of arbitrators, and if any party has timely made a Multiple Arbitrator Statement, the President shall have the discretion to decide whether the Dispute is to be adjudicated by more than one arbitrator. In making such decision, the President shall take into account the subject matter of the Dispute, the complexities of the case, the likely number of witnesses, and any other factors that justice and efficiency require. The President shall not appoint more than one arbitrator pursuant to this subsection (c) if he concludes that the costs inherent in a multi-arbitrator arbitration would make such a proceeding unfair or constitute an undue hardship. The President's discretion under this subsection (c) may be exercised through any point up to twenty (20) Business Days after the

preliminary session (as per section 6.7), notwithstanding the fact that the preliminary session is held before a sole arbitrator.

- (d) Regardless of the number of arbitrators to be appointed, the President shall propose such arbitrator(s) from the International List.

4.3 Objections to Proposed Arbitrator(s); Appointing of the Arbitrator(s)

- (a) As used in this section, a "Disqualifying Grounds" includes prejudice, bias, interest in the outcome of the Dispute, or involvement or connection with or to a Dispute.
- (b) After the President inquires with each proposed arbitrator as to his/her ability, suitability, and willingness to serve as arbitrator and as to whether there would be any Disqualifying Grounds with respect to such arbitrator, the IICA shall notify the parties, in writing, as to the full name(s) and business address(es) of the President's proposed arbitrator(s).
- (c) The notice pursuant to subsection (b) shall include a copy of a written declaration, signed by each proposed arbitrator, stating that (i) he has no Disqualifying Grounds with respect to the case, and (ii) he undertakes to honor and uphold these Rules.
- (d) Any Party may file an objection regarding any proposed arbitrator. A party's possible grounds for objection are the candidate's lack of required qualifications or expertise in relation to the subject matter of the Dispute, a Disqualifying Grounds, or any other reason that, in the party's opinion, disqualifies the arbitrator.
- (e) Any objection to a proposed arbitrator shall be filed with the IICA within seven (7) Business Days of receipt of the notice referred to in subsection (b). The objection shall be signed, specifying the grounds for objection. The President shall examine the objection and, if he finds it meritorious, a different arbitrator shall be appointed pursuant to these International Rules. In any event, the President shall rule on each objection, in writing. In any case in which it is necessary for the President to communicate with a proposed arbitrator regarding any objection, the President shall endeavor not to disclose information that would be likely to identify which party objected to that proposed arbitrator.
- (f) If the President appoints more than one arbitrator (whether pursuant to section 4.2(c) or pursuant to the Arbitration Agreement), (i) he shall designate one of them as the chairman of the arbitration panel, and (ii) any authority granted herein to a sole arbitrator may be exercised by a majority of the arbitrators appointed.

4.4 Death, Resignation, or Illness of Arbitrator

- a) If an arbitrator dies or resigns from office, another arbitrator shall be appointed in his place pursuant to these International Rules, unless the parties agree otherwise.
- b) In any case before a sole arbitrator, upon the appointing of the substitute arbitrator, the arbitration shall commence from the

beginning, unless the parties agree otherwise. In any case before multiple arbitrators, contemporaneous with the appointment of a substitute arbitrator pursuant to this section, the President shall confer with the other arbitrators to determine whether the arbitration should commence from the beginning.

- c) In the event of a prolonged illness or other incapacity of an arbitrator that prevents him from carrying out his duties, the President shall (whether upon his own initiative or upon a motion by a party) have the discretion to remove that arbitrator and to appoint another arbitrator in his place pursuant to these International Rules.

4.5 Agreed upon substitution of arbitrator

At any time, the parties may, by mutual written consent, apply to the President for the appointment of a substitute arbitrator.

4.6 Removal of an Arbitrator

After an arbitrator has been appointed, the President shall have the authority to remove such arbitrator from a case upon a motion by a party or upon exercise of his discretion after finding justification. If the President removes an arbitrator, he shall state in writing his reasons for same.

ARTICLE 5 DRAFTING AND FILING OF DOCUMENTS

5.1 Filing of Documents

Subject to the provisions of section 1.1(f), pleadings and other documents shall be filed with the IICA; the number of copies filed shall be equal to the number of parties plus one for each arbitrator and one for the IICA. The arbitrator(s) shall decide on the extent, if any, to which document disclosure and the like shall be filed with the IICA.

5.2 Service of documents

Except as provided in section 1.1(f), the service of documents between parties shall be affected through the IICA, unless the arbitrator(s) direct(s) otherwise.

5.3 Presumption of receipt of documents

- (a) A document delivered at the address of the addressee shall be deemed as having been received at the time of delivery.
- (b) A document sent to a party in Israel by registered mail shall be deemed as having been received three (3) Business Days after dispatch.
- (c) A document sent by facsimile shall be deemed as having been received upon receipt of the transmission thereof, and the facsimile printout shall serve as evidence thereof.
- (d) Nothing in this Article 5 shall be construed as limiting the authority of the arbitrator(s) to arrive at an arrangement, with the parties, whereby documents are filed and otherwise transmitted by e-mail.

5.4 The Parties' addresses

A party's address and other contact information for the purposes of the service of documents concerning the arbitration shall be those set forth in that party's pleading(s).

ARTICLE 6: ARBITRATION PROCEEDINGS

6.1 Rules of Evidence and Procedure

- (a) The arbitrator(s) shall not be bound by the rules of evidence or by court procedures, unless the parties agree otherwise, in writing.
- (b) Subject to stipulation by the parties and to these International Rules, the arbitrator(s) shall determine the rules of procedure for the arbitration, including the order and manner of presenting evidence, and the arbitrator(s) shall be guided by the principle of rendering a just and efficient arbitral award.

6.2 Language of the arbitration

- (a) If the Arbitration Agreement is in English, the arbitration shall be conducted in English, unless the parties agree otherwise. Notwithstanding the foregoing, and only if the Arbitration Agreement is silent as to the language for conducting the arbitration, (i) if the arbitrator(s) conclude(s) that substantially all of the likely witnesses are Hebrew speakers, he shall have the discretion to order that oral examinations of those witnesses be conducted in Hebrew, so long as he is convinced that no hardship will be caused to any party, and (ii) the arbitrator(s) shall have the discretion to conduct administrative hearings in Hebrew. For purposes of this subsection (a), an "administrative hearing" is one (A) that involves counsel for the parties but not the parties themselves, and (B) as to which it is expected that the only matters to be dealt with are administrative ones.
- (b) If the Arbitration Agreement is in Hebrew, and if it does not expressly address the issue of the language in which the arbitration is to be held, the arbitration shall be conducted in Hebrew, unless the parties agree otherwise.
- (c) Subject to the other provisions in this section, if the parties wish to conduct the arbitration in a language other than English or Hebrew, the President shall have the discretion to grant such request. The parties shall bear the costs of conducting the arbitration in such different language.
- (d) If the documents that constitute the Arbitration Agreement are in more than one language, and if the Arbitration Agreement does not expressly address the issue of the language in which the arbitration is to be conducted, the arbitrator(s) shall have the discretion to determine the language of the arbitration. In exercising such discretion, paramount consideration is to be given to the language in which the arbitration clause is written. Any decision pursuant to this subsection (d) shall be in writing and shall be reasoned.

6.3 Evidence in a Language Other Than Hebrew or English

Without derogating from the provisions of section 6.2, if one of the parties wishes to furnish evidence in a language other than English or Hebrew, such party shall be responsible for the translation of the documents and the evidence at its own expense, unless the other parties and the arbitrator(s) agree to accept them in that language without translation. Notwithstanding the foregoing, there shall be a rebuttable presumption that, if the documents that constitute the Arbitration Agreement are in more than one language, there is no need for the translation of evidence that is in one (or more) of those languages.

6.4 Place of the Arbitration

The arbitration sessions shall take place at the offices of the IICA in Tel Aviv, unless, at the parties' request, it is agreed to conduct the proceedings elsewhere. Nothing herein shall be construed as restricting the discretion of the arbitrator(s), subject to an appropriate order regarding costs, to order video-conferencing or other forms of evidence-gathering.

6.5 Schedule of sessions

- (a) The arbitration sessions shall be scheduled by the IICA, in coordination with the arbitrator and the parties. To the extent practical, sessions for the hearing of witnesses shall be set on consecutive dates.
- (b) The arbitrator(s) may, on his/their own initiative, postpone arbitration sessions.
- (c) If a party requests a postponement of a session, and if the arbitrator(s) decide(s) to grant such request, he/they may, subject to the provisions of subsection (d), impose costs on the requesting party.
- (d) If all parties consent to a requested postponement, the arbitrator(s) shall postpone the session, except for good cause (which he shall set forth in writing).
- (e) In exercising his/their discretion under subsections (b)-(d) the arbitrator(s) shall be guided by the principles set forth in Israel's Civil Procedure Rules and the cases decided thereunder.

6.6 Timetables

The arbitrator(s) shall determine the timetable for the conduct of an efficient arbitration. The arbitrator's authority includes, but is not limited to, the power to impose costs and, upon reasonable, written notice, to render an arbitral award against any party notwithstanding the lack of cooperation of such party.

6.7 Preliminary session

The arbitrator(s) shall hold at least one preliminary session with counsel for the parties. In such session, the arbitrator(s) shall, to the extent practical and subject to these International Rules, determine the proceedings for the conduct of the arbitration, including (as applicable) any special requirements with respect to foreign witnesses, any issues regarding the language of the arbitration or the submission of evidence, and the issue of applicable law.

6.8 Interrogatories and disclosure of documents

The arbitrator(s) may order the parties to answer interrogatories, supplement their pleadings, disclose and produce documents, or take any other action required for the efficient and fair conduct of the arbitration. In making such orders, and notwithstanding the provisions of section 6.1, the arbitrator(s) shall be guided by the principles set forth in Israel's Civil Procedure Rules and the cases decided thereunder, to the extent not in conflict with these International Rules.

6.9 Record of proceedings

The arbitration sessions shall be recorded in the manner customary with the IICA for non-international cases. Nothing in this section 6.9 is intended to derogate from the provisions of sections 6.2-6.4, 6.7, or any other provision hereof.

6.10 Cautioning of witnesses

- (a) A witness testifying in the arbitration shall be cautioned to testify truthfully and that, if he fails to testify truthfully, he will be subject to penalties prescribed by law regarding perjury.
- (b) The arbitrator(s) may require a witness who has submitted a declaration to confirm, at (or near) the time of his cross-examination, that he understands that both his written and his oral testimony are given pursuant to penalties of perjury.

6.11 Written testimony

The primary (case-in-chief) testimony of a witness (whether expert or otherwise) may be submitted by way of affidavit, whether upon the initiative of the parties or as determined by the arbitrator(s).

6.12 Examining witnesses

The arbitrator(s) and each party may examine every witness, including an expert witness.

6.13 Expert appointed by the arbitrator

- (a) The arbitrator(s) may, after consultation with the parties, appoint an expert to give a written opinion.
- (b) The parties shall cooperate with any expert appointed by the arbitrator(s) and shall make available to him all non-privileged information required to formulate his opinion.
- (c) Each party may cross-examine any expert appointed by the arbitrator(s).

6.14 Summations

After the close of testimony, the arbitrator(s) may] conduct a session with counsel in which he/they inform(s) counsel for the parties as to the arbitrator's view of the open issues in the case, in order to attempt to narrow the issues that will need to be addressed in the parties' respective summations. The arbitrator(s) shall determine whether the parties' summations at the close of the arbitration are to be presented orally or in writing.

6.15 Hearings and Awards in the Absence of a Party

The non-appearance of a party at an arbitration session to which it was summoned shall not (a) exempt that party from payment of the session's fees, (b) prevent the session from being held, or (c) prevent the arbitrator from rendering an award in that party's absence.

6.16 Interlocutory and Other Orders

The arbitrator(s) may issue mandatory orders and injunctions.

If any such order is not carried out, the injured party may apply to any court of competent jurisdiction. Parties to an arbitration under these rules are deemed to submit to the non-exclusive jurisdiction of the Court with respect to (a) the matters governed by this section and (b) all matters under section 16 of the Arbitration Law.

6.17 Confidentiality

Subject to the other rules hereof, the arbitration sessions shall be held only in the presence of the parties and such other persons whose presence is necessary. Those present, including lay and expert witnesses, shall maintain the confidentiality of the arbitration sessions and all information (whether oral or written) communicated in connection therewith. The arbitrator(s) may, at any stage, require the parties and others to sign any document reasonably necessary to ensure confidentiality.

ARTICLE 7: SETTLEMENT

7.1 Facilitating a settlement

The arbitrator(s) may suggest that the parties conduct negotiations among themselves in order to reach a settlement. To the extent that it appears that the early resolution of one or more issues in dispute is likely to facilitate a settlement, the arbitrator(s) is/are authorized to conduct the arbitration with a view toward reaching resolution of such issues.

7.2 Giving a settlement the force of an arbitral award

If the parties reach agreement regarding a settlement, the arbitrator(s) may accord such agreement the status of an arbitral award. In any event, if the parties reach an agreement that obviates the need for the continuation of the arbitration, they shall promptly notify the arbitrator(s) and the IICA in writing.

ARTICLE 8: ARBITRATION AWARD

8.1 Basis for award; Nature of Relief

The arbitrator(s) shall render his/their award to the best of his/their understanding and professional knowledge, and in accordance with the testimony and other information submitted in the case. The arbitrator(s) shall be authorized to grant any form of relief available under Israeli law, including injunctive relief and declarative relief.

8.2 Circumstances Under Which Arbitrator Is Bound By Substantive law

The arbitrator(s) shall not be bound to substantive law, unless the parties have agreed otherwise. Except when the context clearly indicates a contrary intention, (a) the inclusion in the Arbitration Agreement of a choice-of-law

(governing law) clause shall constitute the parties' agreement that the arbitrator(s) will be bound by the substantive law so chosen, and (b) except as provided in the Arbitration Agreement or in section 10.2, the inclusion of a choice-of-law (governing law) clause that provides for the law of a jurisdiction other than Israel to apply to a contract shall be deemed to incorporate the substantive law, excluding choice-of-law rules, of such jurisdiction.

8.3 Interim award

The arbitrator(s) may render an interim or partial award.

8.4 Time-Table for Rendering Award

Six months after the preliminary session (under section 6.7), the arbitrator(s) shall submit a report to the IICA, with copies to counsel for the parties, describing the progress in the case and setting forth an anticipated date for the rendering of an arbitral award. If, one year after the preliminary session, it does not appear to the arbitrator(s) that an award will be rendered within forty-five (45) days, he/they shall submit to the IICA a status report, with copies to each party. Thereafter, unless the President expressly grants an exemption, the arbitrator(s) shall submit a written report every forty-five (45) days until an award is rendered.

8.5 Reasoned award

The arbitrator's award shall be reasoned.

In those cases in which the arbitrator(s) is/are bound by substantive law, and with respect to those awards rendered pursuant to section 8.3, the award shall separately set forth the arbitrator's conclusions of fact and his conclusions of law.

8.6 The arbitration expenses and other costs

The arbitral award may determine that each party shall bear its own costs or that one party shall bear the costs of another party, in whole or in part. If the arbitrator(s) decide(s) that a party is to bear certain additional expenses, (such as legal fees, expert's fees, etc.) the arbitrator(s) shall also specify the amount due. To the extent that the Arbitration Agreement expressly provides for the prevailing party to receive reimbursement of legal fees from another party, the arbitrator(s) shall be guided by such provision, *subject to* consideration of the amount that was in controversy at the outset of the case, the amount of the award, and the reasonableness of the conduct of the prevailing party throughout the case.

8.7 Award by way of case stated

Except to the extent that the law of a country other than Israel governs, the arbitrator(s) may, regardless of the parties' express consent, bring all or part of the arbitration award before a court by way of case stated.

8.8 Signing the award

The arbitration award shall be printed at the offices of the IICA and shall be signed and dated by the arbitrator(s). Nothing in this section shall be construed as limiting the authorization of the arbitrator(s) to conduct administrative sessions via conference call, *provided that* the arbitrator(s)

determine(s) that such a medium would be efficient and not likely to cause prejudice to any party.

8.9 Transmittal of the award

Subject to receipt from one or more parties of the payments due from all of the parties, the IICA shall send the award to counsel for each party.

ARTICLE 9: EXTENSION OF TIME LIMITS

9.1 The President's authority

Without limiting any other provision hereof, prior to the time of appointment of one or more arbitrators, and when a date has been prescribed in these International Rules for the performance of an action by one or more arbitrators, the President shall have the authority to extend such deadlines.

9.2 Suspension of the arbitration

- (a) The parties to an arbitration may, by mutual consent, apply to the arbitrator(s) for the suspension of the arbitration proceedings.
- (b) If one of the parties makes an application to a court regarding the arbitration, the arbitrator(s) may, on his/their own initiative, suspend the arbitration proceedings pending the court's decision on the matter.
- (c) The arbitrator(s) may also, at his/their own discretion, suspend the arbitration proceedings in circumstances that appear justifiable and for which he/they shall provide reasons in writing.
- (d) The period of any suspension shall not be taken into account, in calculating any deadlines, set forth in these International Rules.

ARTICLE 10: ARBITRATION FILE

10.1 Reviewing the file

- (a) The arbitration file shall be made available (after prior coordination) to the parties at the IICA for review and for making copies.
- (b) For purposes of this section, the arbitrator's notes do not constitute part of the arbitration file.

10.2 Maintaining confidentiality; privilege

Subject to legal requirements, the IICA shall maintain confidentiality with regard to all matters pertaining to the arbitration file.

Nothing herein shall be construed as derogating from the attorney-client privilege or any other privilege recognized by law. If a party is of the view that a privilege that is not recognized by Israeli law or which, under the circumstances, does not apply under Israeli law, should apply pursuant to the substantive law of some other country, the burden of proving the existence and applicability of such privilege shall be upon such party. If that party makes a written application for the recognition and application of such privilege, to the extent that the arbitrator(s) denies(y) such application, such denial may be appealed within ten (10) Business Days to the President.