

SGO

STÄNDIGE SCHWEIZERISCHE SCHIEDSGERICHTSORGANISATION
ORGANISATION SUISSE PERMANENTE D'ARBITRAGE
ORGANIZZAZIONE SVIZZERA PERMANENTE D'ARBITRATO
SWISS PERMANENT ORGANISATION OF ARBITRATION

RULES OF ARBITRATION

SGO Swiss Permanent Organisation of Arbitration

Office: connect consulting ag

Ackermannstrasse 23, P.O. Box 907, 8044 Zurich / Switzerland

Phone: +41 (0)52 233 22 72, Internet: www.sgo-zh.ch, e-mail: sgo@sgo-zh.ch

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MODEL ARBITRATION CLAUSE

Any dispute, controversy or claim arising out of or in relation to this contract, including the validity, invalidity, breach or termination thereof, shall be resolved by arbitration in accordance with the Rules of Arbitration of the SGO Swiss Permanent Organisation of Arbitration in force on the date when the Notice of Arbitration is submitted in accordance with these Rules.

The seat of arbitration shall be [city in Switzerland];

The number of arbitrators shall be... [one or three].

INTRODUCTION

- a. Arbitration has become the most effective tool to settle any disputes arising within the international and, increasingly, the national business community, thanks to its manifold advantages, such as confidentiality (due to the exclusion of the public), time efficiency, flexibility, the competence and professional know-how of the arbitrators, and the worldwide enforceability of arbitral decisions.

Experience has shown that the traditional methods, i.e. arbitrators appointed by the Parties, can lead to serious difficulties (e.g. a lack of impartiality on the part of the party-appointed arbitrators). As a result, such an arbitral process (arbitral decision, settlement etc.) lacks the necessary authority and acceptance by the Parties.

This is why a group of arbitral experts decided to reform and update an organisation established in 1972 under the name of „**SGO Swiss Permanent Organisation of Arbitration**“ (hereinafter "**SGO**"). Today, the association's goal is to serve as a modern arbitration platform for domestic and international arbitral proceedings. While maintaining the afore-mentioned traditional advantages, a new method of appointing the arbitrators guarantees complete objectivity and impartiality to the Arbitral Tribunal.

- b. Furthermore, SGO aims to promote institutional arbitration in Switzerland, in particular with regard to the needs of small and medium-sized businesses.
- c. SGO is the service platform for arbitral proceedings conducted in accordance with the SGO Rules of Arbitration (hereinafter the "**SGO Rules**"). For this reason, SGO operates an office for the management of pending arbitration proceedings as well as the allocation of resources needed for arbitral negotiations.
- d. SGO appoints the arbitrators from the members of the Permanent Arbitration Panel which comprises qualified legal professionals from both academia and practice as well as experts from a great variety of other professional fields. The latter are intended to supplement and support the Arbitral Tribunal in dealing with specific issues and act as expert arbitrators, where needed.
- e. The SGO Rules are applicable both in domestic and in international arbitration proceedings. According to the provisions in chapter 12 of the Swiss Pri-

vate International Law Statute (PILS; SR¹ No. 291), in force since 1st January 1989, arbitration is considered international if the seat of the Arbitral Tribunal is in Switzerland and if, at the time of the conclusion of the arbitration agreement, at least one of the Parties had neither its domicile nor its habitual residence in Switzerland (Art. 176 (1) PILS) and provided that the Parties did not agree in writing that the provisions in chapter 12 are excluded and that the cantonal provisions on arbitration should apply exclusively (Art. 176 (2) PILS).

¹ Systematic Collection of Swiss Federal Laws

FIRST PART: THE BASIC PRINCIPLES OF SGO ARBITRATION

A. Introduction²

Article 1 Jurisdiction

1. A dispute may be settled in accordance with the SGO Rules if the Parties have agreed to adhere to said rules in a valid arbitration agreement or clause.
2. Any claims which are submitted to arbitration under the SGO Rules must be at the Parties' disposal.

Article 2 Arbitration clause

1. The Parties' intention to submit any dispute, controversy or claim to arbitration must be expressed in writing, either in the form of an arbitration clause or an arbitration agreement.
2. An arbitration clause is an agreement between two parties to submit any future disputes, controversies or claims arising from a legal relationship to arbitration.
3. The arbitration agreement is the agreement under which the Parties submit an existing dispute, controversy or claim to arbitration.
4. If the Parties' arbitration agreement or arbitration clause forms part of a whole contract that turns out to be invalid, the contract's invalidity has no effect on the validity of the arbitration agreement or arbitration clause, unless the reason for the invalidity is the same both for the main contract and the arbitration agreement or arbitration clause. As a general rule, material errors in a contract do not render invalid the arbitration agreement or arbitration clause contained therein.
5. The arbitration agreement may be included in a company's articles of association. If this is the case, it is binding for all members of the legal entity in

² For the sake of brevity, the masculine forms of words are used generically throughout the SGO Rules. They are however intended to refer equally to males and females.

question and no additional declaration of accession or consent in writing is required.

6. If a matter is referred to arbitration and no arbitral clause or agreement exists at the time, or if the existing arbitral clause or agreement is not clear, SGO requires the Parties' written consent that they agree to let the Arbitral Tribunal decide with regard to their legal dispute and that the SGO Rules shall apply.

B. Organisation

Article 3 Seat of arbitration

1. Unless otherwise provided in the arbitration clause or arbitration agreement, the seat of arbitration shall be Zurich.
2. If the Parties agree upon a seat in another country, the president of SGO or his deputy shall decide whether and in what form SGO shall be responsible for the administration of the arbitration proceedings.
3. The venue of arbitration is determined by the Arbitral Tribunal. Hearings may take place anywhere in Switzerland or abroad.

Article 4 Sole arbitrator or three-person arbitral tribunal

1. The Arbitral Tribunal shall consist of either a single arbitrator (sole arbitrator) or a three-person arbitral tribunal composed of two co-arbitrators and one presiding arbitrator (three-person arbitral tribunal).
2. The sole arbitrator shall be competent to decide controversies, disputes or claims of a value not exceeding CHF 300'000.–. The Parties shall also be entitled to agree that controversies, disputes or claims of a higher or undefined value shall also fall within the competence of a sole arbitrator. Such an agreement shall be made in writing and may be included in the arbitration clause.
3. Any other controversies, disputes or claims shall fall within the jurisdiction of a three-person Arbitral Tribunal. The Parties are however entitled to agree

that controversies, disputes or claims of a value lower than CHF 300'000. – shall fall within the jurisdiction of the three-person Arbitral Tribunal. Such an agreement must be in writing. It may be included in the arbitration clause.

Article 5 Appointment of arbitrator

1. The arbitrators shall be appointed by the head of the preliminary proceedings (Article 24) from among the members of the Permanent Arbitration Panel on a case-by-case basis, according to a rotation system. The specialised knowledge of the members of the Permanent Arbitration Panel shall thereby be taken into consideration.
2. The appointment of the arbitrators shall be communicated to the Parties in writing.
3. The presiding arbitrator shall be chosen by the members of the three-person arbitral tribunal themselves.
4. If required, the sole arbitrator or, in the case of the three-person arbitral tribunal, the presiding arbitrator, may appoint a secretary, who shall have an advisory vote.

Article 6 Acceptance of mandate

1. The Arbitral Tribunal shall be formally constituted as soon as all arbitrators have confirmed their appointment in writing to the head of the preliminary proceedings and as soon as any potential submission challenging the appointment has been dismissed by a legally binding decision.
2. Upon acceptance of their mandate, the arbitrators shall be bound to make their decisions to the best of their knowledge and while preserving full judicial independence. In addition, they are bound to handle a controversy, dispute or claim in an efficient way by keeping strict confidentiality on anything learnt in the course of their mandate. This duty of confidentiality shall continue to apply even after the termination of the arbitral proceedings.
3. The arbitrators' duties shall apply analogously to the secretary.

C. Replacement of an Arbitrator

Article 7 Replacement of an arbitrator

An arbitrator or a secretary may be dismissed by one of the Parties for the following reasons:

- a. In matters involving a direct interest in the outcome of the arbitration by himself, his wife, his fiancée, his relatives or persons related to him by marriage, either in the direct line or in the collateral line to the fourth degree, by the spouse of one of his siblings or by a person for whom he acts as legal guardian;
- b. In matters where he has already been involved in a different function, e.g. as member of an authority, as a judicial officer, as a legal advisor, as exercising a Party's power of attorney, or as an expert or witness;
- c. In matters concerning a legal entity of which he is a member;
- d. If he is connected to one of the Parties by a special friendship or enmity, or if a Party has some hold upon him due to personal obligation or dependence;
- e. If a Party's legal representative is related to him directly or by marriage, either in the direct line or in the collateral line to the second degree, or if said person is his spouse;
- f. If there are any other facts that may make him biased with regard to the dispute in question;
- g. If he is incapable of action or if he has served a sentence of imprisonment because of a dishonourable crime or misdemeanour;
- h. If any one of the reasons stated in lit. a – g hereinabove applies to the head of the preliminary proceedings.

Article 8 Challenging an arbitrator

1. Grounds for challenging an arbitrator must be provided no later than 10 days after notification of the Arbitral Tribunal's composition or immediately after the grounds for challenging said arbitrator have become known.

2. If the grounds for challenging the arbitrator are disputed, the matter shall be brought before the superior court of the canton. Such a claim shall be brought directly before the higher civil court of the canton where the seat of the arbitration is situated.
3. If one of the arbitrators has to be replaced, a replacement arbitrator shall be appointed according to the procedure laid down in Article 5 hereinabove.

SECOND PART: ARBITRAL PROCEEDINGS

A. General Provisions

Article 9 Applicable law

1. The Arbitral Tribunal makes its decisions based on the relevant material law, regard being had to the rules of the Swiss Federal Private International Law Statute (PILS).
2. Inasmuch as the Parties may choose the relevant material law in international legal relationships, they may make such a choice of law either in the arbitration agreement or during the arbitration proceedings.

Article 10 Applicable procedure

1. Subject to the SGO Rules and to the binding rules of state law, the Arbitral Tribunal may conduct the arbitration in such a manner as it considers appropriate, provided that it ensures equal treatment of the Parties and their right to be heard.
2. The Arbitral Tribunal shall not award more to a Party, nor shall it award something different than what the Party has claimed, nor less than what has been conceded by the opposite Party.

3. At any stage of the proceedings the Arbitral Tribunal may hold oral hearings for the presentation of evidence by witnesses and experts or for oral argument.
4. All relevant documents and information that are presented to the Arbitral Tribunal by a Party shall at the same time be communicated to the opposing Party.

Article 11 Due process of law

1. The Arbitral Tribunal shall treat both Parties equally and in accordance with due process of law.
2. In particular, it shall grant them the following:
 - a. that the Parties may put forward their factual and legal means of challenge and defence;
 - b. that the Parties may have access to the records at any time in the course of the ordinary proceedings;
 - c. that the Parties may attend any of the Arbitral Tribunal's hearings.

Article 12 Representation and legal assistance

The Parties are entitled to be advised or represented by a solicitor of their choice. The solicitor shall obtain a written power of attorney.

Article 13 Judicial orders

The head of the preliminary proceedings, the sole arbitrator or the presiding arbitrator of the three-person Arbitral Tribunal may make any judicial orders they deem necessary or appropriate.

Article 14 Intervention by a third party and third-party notice

If a third party wants to join the proceedings as an intervener or if a Party asks a third party for support in ongoing proceedings, the Arbitral Tribunal shall decide upon the request. The Parties shall be given the opportunity to present their arguments beforehand.

Article 15 Language of Arbitration

1. Unless otherwise agreed between the Parties, the Swiss national language at the seat of arbitration shall be the ordinary language to be used in the proceedings.
2. Subject to the counterparty's consent, the Parties before the Arbitral Tribunal may plead in German, French, Italian, Spanish or English instead of the ordinary language to be used in the proceedings. The Arbitral Tribunal may however order that a translation be produced at the expense of the Parties.
3. If documents are submitted in a language other than the ones stated in para. 2, a translation into the ordinary language to be used in the proceedings must be enclosed. The Arbitral Tribunal may order for the translation to be accompanied by an authentication by a notary public.
4. In the case of oral hearings, the Arbitral Tribunal may at the Parties' request declare one of these languages to be the ordinary language to be used in the proceedings. The cost associated with the assignment of interpreters shall be borne by the Parties.

Article 16 Deadlines and time limits

1. The Arbitral Tribunal shall set a deadline for every procedural step which needs to be taken and shall notify the Parties by registered letter. Provided the application is well founded, a deadline may be extended twice. In case of an expedited procedure, deadlines may be extended only once. In both types of procedure, further applications to extend deadlines shall be granted in special circumstances only and are subject to the counterparty's consent.
2. As a general rule, the non-compliance with deadlines shall have consequences which shall be imposed by the Arbitral Tribunal.

3. A deadline shall be said to have been met if prior to the expiration of the deadline the document has been submitted to an official post office in Switzerland or abroad, or if an irrevocable payment authorization for an advance on costs has been made with the bank. The day on which a deadline is communicated to the Parties is not counted as part of the set time limit. In cases where the deadline falls on a Saturday, Sunday or public holiday in the sender's country, the actual deadline shall be the next working day.
4. The Arbitral Tribunal may set an additional respite if a Party can prove that they cannot be held responsible for their failure to meet the deadline.
5. No time-out shall be granted for time limits.

Article 17 Advance on costs

1. In the course of the proceedings, the head of the preliminary proceedings, the sole arbitrator and the presiding arbitrator of the three-person Arbitral Tribunal shall request each Party to deposit an advance in the full amount of the costs to be expected for the proceedings. As a general rule, both Parties' advances shall be equal. If Respondent submits a counterclaim, the Arbitral Tribunal may at its discretion set separate advance amounts.
2. If a Party fails to pay the required advance on costs, the other Party may decide to either advance the full amount of the other Party's deposit or withdraw from the arbitral proceedings. In the case of a withdrawal, the Parties shall no longer be bound by the arbitration agreement and the arbitral proceedings shall be terminated.
3. If both advance payments are made by the same Party, the Arbitral Tribunal's award shall grant that Party the right of regress against the counterparty with respect to the part of the payment made on behalf of the counterparty.
4. For the awarding of costs as determined in the arbitral award, it shall be of no consequence which Party has paid the advances on costs.
5. SGO shall be allowed to invest the advance payments deposited by the Parties. Due care must be taken with regard to market conditions and to what may constitute reasonable and safe investments. Adequate measures must be taken to take into consideration liquidity requirements. In its final award, any

profit shall be awarded to the Party from whom the part of the advance thus invested has been received.

Article 18 Submissions

1. All pleadings and petitions submitted to the Arbitral Tribunal shall be dated and signed, either in person or by an authorised signatory or representative with the power of attorney. Copies shall be distributed to each Party, each arbitrator and to the secretary. The original shall be filed in the Arbitral Tribunal's archive.
2. The Parties must submit the same number of copies to the Arbitral Tribunal with respect to all supporting documents, including copies of all the appendices and a detailed list of enclosures.
3. The Arbitral Tribunal shall determine its address for service.

Article 19 Minutes

The Arbitral Tribunal's hearings must be minuted in writing if the Arbitral Tribunal deems this to be necessary.

Article 20 Closed session

The Arbitral Tribunal's hearings shall be closed to the public, unless otherwise agreed by the Parties.

Article 21 Delegation

Subject to the Parties' consent and in the interest of a prompt settlement, the Arbitral Tribunal may allow some procedural steps to take place before a delegation instead of before the assembled tribunal.

Article 22 Provisional or protective measures

1. In the case of domestic arbitration proceedings, the Swiss courts shall have jurisdiction to order provisional or protective measures. However, the Parties may also agree to subject themselves to the proposed provisional measures voluntarily.
2. In international arbitrations, the Arbitral Tribunal may, at the request of either Party, order binding provisional or protective measures. If a Party fails to comply with these measures, the Arbitral Tribunal may appeal to the competent judicial authority at the seat of the Arbitral Tribunal for support.
3. The Arbitral Tribunal shall be entitled to order the provision of appropriate security to ensure compliance with the ordered provisional or protective measures.
4. The Arbitral Tribunal shall have the discretion to apportion the costs relating to a request for interim measures in an interim award or in the final award.

B. Legal Procedure

I. Procedural Steps

Article 23 Overview

1. The arbitration proceedings are preceded by preliminary proceedings. These serve to institute the arbitration proceedings, to refer the dispute in question to the arbitration tribunal, to confirm the Arbitral Tribunal's jurisdiction and to appoint the arbitrators.
2. As a rule, the main part of the arbitration proceedings starts with a settlement hearing (Article 28 hereinbelow).
3. If no settlement is reached, the Parties shall exchange their submissions (Article 29 – 33 hereinbelow).
4. Once the exchange of submissions has been completed, the Arbitral Tribunal shall invite the Parties to attend the main hearing. Each Party shall provide evidence for the facts relied on to support its claim or its objections to

the claim. The Arbitral Tribunal may at the same time issue an order for evidence to be submitted as well as any summons it deems necessary.

5. If necessary, the Arbitral Tribunal may call another hearing to hear additional evidence.
6. Having finished the hearing of evidence, each Party may verbally comment on its result.
7. Once all evidence has been heard, the Arbitral Tribunal shall render its decision (Article 35 hereinbelow).

II. Preliminary Proceedings

Article 24 Initiation of proceedings and *lis pendens*

1. The preliminary proceedings shall be conducted by the president of SGO or his deputy.
2. The Notice of Arbitration shall be submitted to SGO in duplicate. If available, the arbitration clause or arbitration agreement that is invoked, as well as a copy thereof, must be enclosed. The Notice of Arbitration shall be sent to the address stated in Appendix A.
3. The Notice of Arbitration shall name the Parties, their legal representatives and the general nature of the claim. If possible, the Parties shall specify the amount in dispute. The president of SGO or his deputy shall determine the definite amount in dispute after hearing the Parties. In case no definitive determination of the amount in dispute by the Parties is possible, it shall be estimated and determined by the president of SGO or his deputy. The same procedure shall apply if by its nature, the claim in question has no amount in dispute. In case of split claims, the amount in dispute shall be determined based on the total amount of the different claims.
4. After hearing the Parties, the Arbitral Tribunal shall be entitled to adjust the amount in dispute at any time if it is revealed in the course of the proceedings that the factors on which the amount in dispute was based are incorrect.

5. The appointment of the sole arbitrator according to Article 4 para. 2 (second sentence) hereinabove as well as the appointment of the three-person Arbitral Tribunal according Article 4 para. 3 (second sentence) hereinabove shall immediately be requested, provided this has not already been agreed upon in the arbitral agreement.
6. Once the Notice of Arbitration according to Article 24 para. 2 hereinabove has been submitted, the arbitral proceedings shall be deemed to be pending.

Article 25 Evaluation of jurisdiction

1. After Notice of Arbitration according Article 24 para. 2 hereinabove has been received, the head of the preliminary proceedings shall set a deadline for the payment of the Registration Fee according to Article 38 para. 1 hereinbelow. After the Registration Fee has been paid, the head of the preliminary proceedings shall summarily evaluate the case to assess if the preconditions for arbitration are met. If required, he shall proceed in accordance with Article 2 para. 6 hereinabove.
2. If the deadline for paying the Registration Fee is not met, the Notice of Arbitration shall not be deemed to have been validly filed and the arbitration proceedings shall not be opened.

Article 26 Confirmation of jurisdiction

1. If the summary case evaluation shows that all preconditions have been met by Claimant, the Head of the Preliminary Proceedings shall notify Respondent of the invocation of the Arbitral Tribunal as well as of any requests according to Article 4 para. 2 (second sentence), Article 4 para. 3 (second sentence) and Article 37 para. 1 (second sentence) hereinabove.
2. The Head of the Preliminary Proceedings shall set a deadline by which Respondent must state its objections, if any, against the jurisdiction of the Arbitral Tribunal and to file applications according to Article 4 para. 2 (second sentence), Article 4 para. 3 (second sentence) and Article 37 para. 1 (second sentence) hereinabove.

3. If no objections against the jurisdiction of the Arbitral Tribunal are raised within the set time limit, the Arbitral Tribunal shall be deemed to have jurisdiction.
4. If the Defendant objects to the jurisdiction of the Arbitral Tribunal within the set time limit, the Head of the Preliminary Proceedings shall rule on such an application immediately.

Article 27 Completion of preliminary proceedings

Once it has been established that the Arbitral Tribunal has jurisdiction, this shall be legally binding and the Head of the Preliminary Proceedings shall appoint the sole arbitrator or the arbitrators in accordance with Article 5 hereinabove.

III. Main Proceedings

1. Ordinary Proceedings

Article 28 Settlement hearing

1. If the Arbitral Tribunal has been deemed to have jurisdiction it shall, as a general rule, first initiate a settlement hearing before the written submissions are made by the Parties. However, the Arbitral Tribunal may also call settlement hearings at any time later in the proceedings.
2. If a settlement is reached it shall be minuted in full and shall be signed by the Parties or by their legal representatives.
3. Any settlement shall be formally recorded in the form of an arbitral decision and the proceedings must be declared duly closed by reason of settlement.

Article 29 Statement of Claim

1. Unless a settlement can be reached, the Arbitral Tribunal shall set a deadline for Claimant to submit the Statement of Claim in as many copies as required.

2. The Statement of Claim shall contain a detailed description of the Parties, the claims, the amount in dispute as well as the actual and legal causes of action. All evidence in support of the claim must be designated therein, and any documents, provided Claimant has access to them, must be produced in the required number of copies, including a list of appendices.
3. If Claimant fails to submit the Statement of Claim within the time limit, it shall be assumed that it does not wish to proceed with the arbitration. Claimant shall be notified of this consequence in case of non-compliance.
4. If the claim is deemed to be deficient, the Arbitral Tribunal shall set a short time limit within which Claimant is to rectify the deficiency. Claimant shall be notified that its failure to comply shall result in the discontinuation of the proceedings.

Article 30 Answer

1. Once the Statement of Claim has been produced, the Arbitral Tribunal shall set a deadline for Respondent to submit its Answer in the required number of copies.
2. The Answer shall comment in detail on the claims, the facts as actually stated by Claimant as well as make any objections to the jurisdiction of the Arbitral Tribunal. The evidence brought forward to support its presentation of the facts must be designated therein. Any documents to which Respondent has access shall be produced in the number of copies required, including a list of appendices.
3. If Respondent fails to submit its Answer within the set time limit, it shall be deemed to have accepted Claimant's presentation of the facts and to waive its right to object.

Article 31 Unauthorised absence

If one of the Parties fails to appear at the hearing without good cause, the Arbitral Tribunal may proceed with the proceedings without further ado. In particular, a ruling may be made based on the documents on file.

Article 32 Counterclaim

1. With its Answer, Respondent may submit a counterclaim, provided there is a connection between claim and counterclaim and provided the Arbitral Tribunal is competent to make a ruling. Provided Claimant agrees, a counterclaim may also be submitted with Respondent's Rejoinder, if any.
2. The Counterclaim shall follow the same formal rules as the Statement of Claim.
3. The Reply to Counterclaim shall be made in writing and must follow the same principles as the Answer. The Arbitral Tribunal shall set a deadline for the Reply to Counterclaim.
4. Claims and counterclaims shall be added together to determine the total amount in dispute.

Article 33 Amendments to Statement of Claim and Answer

1. After the Answer and the Reply to Counterclaim have been submitted, the Arbitral Tribunal shall decide whether the arbitral proceedings should be continued orally or in writing. The Arbitral Tribunal shall notify the Parties of its decision. If it decides upon a hearing, a summons shall be issued for the Parties to appear before the Arbitral Tribunal.
2. In the case of written proceedings, the Arbitral Tribunal shall set a deadline for Claimant to submit its Replication and, once this has been received, another deadline for Respondent to submit its Rejoinder. In the event that Claimant fails to submit a Replication, no Rejoinder shall be required.
3. Upon submission of the Rejoinder, or, if applicable, of the Reply to Counterclaim, the exchange of submissions in the main arbitration proceedings shall be deemed to have been completed, unless special circumstances lead the Arbitral Tribunal to admit the submission of additional statements.
4. If Respondent has failed to submit its Answer, there shall be neither a Replication nor a Rejoinder. If necessary, Claimant shall be granted a short time limit within which to add an amendment to its Statement of Claim.

Article 34 Procedure for presenting evidence

1. Each Party has the burden of proof for facts on which it bases rights. Evidence shall be presented only where the facts are under dispute.
2. At any time in the course of the proceedings, the Arbitral Tribunal shall be able to order the Parties to produce documentary evidence, pieces of evidence or other proof, as well as to request the naming of any witnesses or experts within a set time limit.
3. Subject to prior consultation with the Parties, the Arbitral Tribunal may decide to conduct the proceedings based on documentary evidence and other documentation.
4. The Arbitral Tribunal may at its discretion decide upon the manner of questioning witnesses or experts.
5. Anyone may be called upon to be a witness or an expert.
6. Witness evidence may also be presented in the form of written declarations or reports signed by the witness or expert in question.
7. A Party, its organs, employees, legal representatives or party representatives shall be entitled to question witnesses, potential witnesses or party experts.
8. The Arbitral Tribunal shall decide upon the admissibility, relevance and probative force of the presented evidence. The evaluation of the evidence shall be at the Arbitral Tribunal's discretion.
9. Subject to consultation with the Parties, the Arbitral Tribunal may invite one or more expert witness to provide written information on any subject requested by the Arbitral Tribunal.
10. Expert witnesses who are asked to give evidence in arbitration proceedings must be impartial and independent of the Parties at any time.

Article 35 Award

1. The Arbitral Tribunal shall deliberate and decide in the absence of the Parties. It shall make its decision by simple majority.

2. If the Arbitral Tribunal consists of three members and if no majority is reached, the presiding arbitrator shall be the one to decide on his own.
3. The award is to be handed down in writing. It is final and legally binding on the Parties. The award shall be complied with immediately upon receipt thereof.
4. The arbitral award shall include the following elements:
 - a. the names of the arbitrators as well as the name of the secretary, if applicable;
 - b. the designation of the Parties and their representatives;
 - c. the place where the Arbitral Tribunal has its seat;
 - d. the Parties' applications to the Arbitral Tribunal;
 - e. unless the Parties have explicitly waived this right: a description of the matter under arbitration, the legal basis of the decision (reasons of the award) and, if applicable, the equitable considerations;
 - f. the award formula concerning the matter at hand;
 - g. the award formula concerning the awarded amount, the arbitration costs and party compensation.
5. The Arbitral Tribunal may restrict itself to issuing a summary containing the operative part of the award ("*Dispositiv*"), but not the reasons. However, unless both Parties declare within a time limit set by the Arbitral Tribunal that they waive their right to receiving the reasons of the award in writing, the award shall be sent to them in a detailed and complete form.

The summary containing the operative part of the arbitral award must include the following elements:

- a. the names of the arbitrators as well as of the secretary, if applicable;
 - b. the designation of the Parties and their representatives;
 - c. the place where the Arbitral Tribunal has its seat;
 - d. the Parties' applications to the Arbitral Tribunal;
 - e. the description of the matter under arbitration;
 - f. the award formula concerning the matter at hand;
 - g. the award formula concerning the awarded amount, the arbitration costs and the compensatory damages.
6. The arbitral award shall be furnished with the date when and the place where the arbitral award was made and be signed by the arbitrators. In the case of a

three-person arbitral tribunal, the signatures of the majority of the arbitrators shall suffice, provided it is stated in the award that the minority has refused to sign. In the case according to Article 35 (2) hereinbelow, the signature of the presiding arbitrator shall be sufficient.

7. An original copy of the award and those case documents which have not been distributed shall be filed in the SGO archive.

2. Expedited Procedure

Article 36 Expedited procedure

1. Proceedings with an amount in dispute of between CHF 1. -- und CHF 100'000. -- are conducted in accordance with an expedited procedure. This is characterised by the short duration of the proceedings.
2. In an expedited procedure, the deadlines are generally set in such a way as to enable the arbitral award to be issued within five months from the date on which the matter is referred to the Arbitral Tribunal.
3. The Parties' submissions shall be limited to the Statement of Claim and the Answer. Further submissions may be ordered in exceptional circumstances.
4. As for the rest, the rules applying to the ordinary procedure shall analogously apply to the expedited procedure.

3. Equitable Award

Article 37 Equitable award

1. In the case of amounts in dispute of up to CHF 40'000.--, the Arbitral Tribunal shall decide equitably, based on considerations of fairness and justice. If the amount in dispute is higher, the Parties may authorise the Arbitral Tribunal in writing, either in the arbitration clause or in the course of the proceedings, to make an equitable decision.
2. Making an equitable award does not release the Arbitral Tribunal from the assessment of the evidence pertaining to the claim under dispute or from applying the SGO Rules. It merely releases the Arbitral Tribunal from applying

substantive law in every detail. This shall even include mandatory legal provisions, provided these do not concern public policy.

C. Costs and Compensation

Article 38 Costs

1. Before the arbitrators are appointed, Claimant shall pay a non-refundable registration fee (see Appendix B) to SGO upon submitting its Notice of Arbitration.
2. The costs incurred in connection with the services rendered by SGO in the course of the arbitral proceedings shall be payable in the form of a non-refundable administration fee (see Appendix C).
3. Upon issuing the arbitral award, the Arbitral Tribunal shall also determine the arbitration fee. This shall be in accordance with Appendix D (Arbitration Fees). The arbitrators' fees shall take into account the amount in dispute, the complexity of the matter, the time spent by the arbitrators and all other relevant circumstances.
4. The Arbitral Tribunal's cash disbursements and administrative costs, travel expenses and other expenses incurred by the arbitrators and witnesses, experts' fees as well as any other support required by the arbitrators shall be charged separately.
5. If the Parties expressly waive the right to receive written reasons for the award, the arbitration costs shall be reduced by 15 %.
6. If the Arbitral Tribunal makes an equitable decision in a case where the value in dispute exceeds CHF 40'000.--, the arbitration costs shall be reduced by 20 %. A reduction of the arbitration costs due to the rendering of an equitable award cannot be cumulated with a reduction of the costs of arbitration due to waiving the right to reasons.
7. In general, the costs of arbitration shall be paid by the unsuccessful Party. However, the Arbitral Tribunal may apportion the costs differently if circumstances justify such a measure.

8. The head of the preliminary proceedings shall be entitled to receive a share of 20 % of the costs of arbitration. The remaining 80 % of the costs of arbitration shall be paid to the Arbitral Tribunal.
9. If the Arbitral Tribunal employs any assistance, in particular the services of a secretary, the person or persons in question shall be paid from the remaining amount of the costs of arbitration.
10. The Arbitral Tribunal shall decide how the share of the costs of arbitration due to the arbitrators shall be apportioned. As a general rule, the time spent and the efforts contributed by each arbitrator are taken into consideration. Thus, the presiding arbitrator shall receive between 40 % and 50 %, and each co-arbitrator between 25 % and 30 % of the share of the costs of arbitration reserved for the arbitrators.
11. All amounts to be paid by the Parties shall be transferred to the account of SGO.

Article 39 Party compensation

1. The successful Party shall be awarded compensation for party representation, provided it has included such a claim in its submissions. The amount shall be measured by the degree to which the Party in question has been successful.
2. In order to determine the amount of compensation to be paid, the Arbitral Tribunal shall invite the Parties' legal representatives to submit their fee notes. It shall be within the discretion of the Arbitral Tribunal to reduce the amounts set out in the fee notes.

Article 40 Consequences of early termination

If proceedings are terminated before the Arbitral Tribunal has been constituted, the president of SGO or his deputy shall decide on the consequences with regards to costs and compensation.

D. Remedies

I. Domestic Arbitration

Article 41 Action of nullity

An action of nullity may be brought against the arbitral award in accordance with Art. 36 ff. of the Concordat on Arbitration (SR 289) to the higher cantonal court of the canton where the arbitration has its seat.

Article 42 Review

In domestic arbitration, a review of award application may be made in accordance with Art. 41 ff. of the Concordat on Arbitration (SR 289).

II. International Arbitration

Article 43 Appeal

An appeal against the arbitral award may be brought before one court only, namely the Federal Supreme Court, unless the Parties agree to bring the matter before the judge at the seat of arbitration. These proceedings must be conducted in accordance with the provisions of the Swiss Federal Law on the *Organisation der Bundesrechtspflege* (organisation of the federal administration of justice) (Swiss Code of Obligations; SR 173.110) concerning appeals involving constitutional law.

THIRD PART: FINAL PROVISIONS

Article 44 Publication of award

The president of SGO shall have the power to publish the decisions made by the Arbitral Tribunal, wholly or partially, for academic purposes. In doing so, he shall ensure that the Parties cannot be identified.

Article 45 Coming into force

The Committee of SGO shall decide upon the coming into force of these Rules³.

³ In force as from 1st March 2004

Appendix A (Office)

SGO Swiss Permanent Organisation of Arbitration
 Office: connect consulting ag
 Ackermannstrasse 23
 P.O. Box 907
 8044 Zurich

Tel. +41 (0)52 233 22 72
 Internet: www.sgo-zh.ch
 e-mail: sgo@sgo-zh.ch

Account:
 SGO Swiss Permanent Organisation of Arbitration
 Account No. 0206-720051.01R
 UBS AG, Bahnhofstr. 72, 8098 Zurich, Switzerland
 IBAN No. CH71 0020 6206 2700 5101 R

Appendix B (Registration Fee)

For amounts in dispute not exceeding CHF 100'000. --	CHF	2'000.--
For amounts in dispute of over 100'000.-- but not exceeding 1'000'0000.--	CHF	4'000.--
For amounts in dispute of over CHF 1'000'000.-- but not exceeding CHF 5'000'000. --	CHF	5'500.--
For amounts in dispute of over CHF 5'000'000. --	CHF	7'000.--
If the amount in dispute has not been determined at the time when the Notice of Arbitration is submitted:	CHF	5'500.--

Appendix C (Administration Fee)

For amounts in dispute of up to CHF 40'000. --	CHF 1'000.--
For amounts in dispute of over CHF 40'000.-- but not exceeding CHF 100'000. --	CHF 1'500.--
For amounts in dispute of over CHF 100'000.-- but not exceeding CHF 250'000. --	CHF 3'000.--
For amounts in dispute of over CHF 250'000.-- but not exceeding CHF 500'000. --	CHF 5'000.--
For amounts in dispute of over CHF 500'000.-- but not exceeding CHF 1'000'000. --	CHF 10'000.--
but amounts in dispute exceeding CHF 1'000'000.--	CHF 10'000.-- + 0.1 % of the amount exceeding CHF 1'000'000.--
The total administrative costs shall be	CHF 50'000.--

Appendix D (Arbitration Fees)

Sole Arbitrator's Fee

Amount in dispute (in CHF)	Minimum	Sole arbitrator Maximum
1 - 40'000	1'000	5'000
40'001 - 70'000	4'000	8'000
70'001 - 100'000	6'000	12'000
100'001 - 200'000	10'000	20'000
200'001 - 300'000	15'000	36'000
300'001 - 600'000	12'000 + 2 % of the amount exceeding 300'000	36'000 + 8 % of the amount exceeding 300'000
600'001 - 1'000'000	18'000 + 1.5 % of the amount exceeding 600'000	60'000 + 6 % of the amount exceeding 600'000
1'000'001 - 2'000'000	24'000 + 0.6 % of the amount exceeding 1'000'000	84'000 + 3.6 % of the amount exceeding 1'000'000
2'000'001 - 10'000'000	30'000 + 0.38 % of the amount exceeding 2'000'000	120'000 + 1.5 % of the amount exceeding 2'000'000
10'000'001 - 20'000'000	60'400 + 0.3 % of the amount exceeding 10'000'000	240'000 + 0.6 % of the amount exceeding 10'000'000
20'000'001 - 50'000'000	90'400 + 0.1 % of the amount exceeding 20'000'000	300'000 + 0.2 % of the amount exceeding 20'000'000
50'000'001 - 100'000'000	120'400 + 0.06 % of the amount exceeding 50'000'000	360'000 + 0.18 % of the amount exceeding 50'000'000
100'000'001 - 250'000'000	150'400 + 0.02 % of the amount exceeding 100'000'000	450'000 + 0.1 % of the amount exceeding 100'000'000
> 250'000'000	180'400 + 0.01 % of the amount exceeding 250'000'000	600'000 + 0.06 % of the amount exceeding 250'000'000

Appendix D (Arbitration Fees)

Arbitrators' Fees: three-person arbitral tribunal

Amount in dispute (in CHF)	Minimum		Three-person arbitral tribunal		Maximum	
1 - 40'000	2'500				12'500	
40'001 - 70'000	10'000				20'000	
70'001 - 100'000	15'000				30'000	
100'001 - 200'000	25'000				50'000	
200'001 - 300'000	25'000				90'000	
300'001 - 600'000	30'000	+ 5 % of the amount exceeding	300'000	90'000	+ 20 % of the amount exceeding	300'000
600'001 - 1'000'000	45'000	+ 3.75 % of the amount exceeding	600'000	150'000	+ 15 % of the amount exceeding	600'000
1'000'001 - 2'000'000	60'000	+ 1.5 % of the amount exceeding	1'000'000	210'000	+ 9 % of the amount exceeding	1'000'000
2'000'001 - 10'000'000	75'000	+ 0.95 % of the amount exceeding	2'000'000	300'000	+ 3.75 % of the amount exceeding	2'000'000
10'000'001 - 20'000'000	151'000	+ 0.75 % of the amount exceeding	10'000'000	600'000	+ 1.5 % of the amount exceeding	10'000'000
20'000'001 - 50'000'000	226'000	+ 0.25 % of the amount exceeding	20'000'000	750'000	+ 0.5 % of the amount exceeding	20'000'000
50'000'001 - 100'000'000	301'000	+ 0.15 % of the amount exceeding	50'000'000	900'000	+ 0.45 % of the amount exceeding	50'000'000
100'000'001 - 250'000'000	376'000	+ 0.02 % of the amount exceeding	100'000'000	1'125'000	+ 0.25 % of the amount exceeding	100'000'000
> 250'000'000	451'000	+ 0.025 % of the amount exceeding	250'000'000	1'500'000	+ 0.15 % of the amount exceeding	250'000'000